



Report title

Firefighters' Local Pension Board - Update Report

Meeting

LFEPA Local Pension Board

Date

26 March 2018

Report by

Head of Finance

Document Number

Public

Summary

This report provides members of the Local Pension Board (LPB) with an overview and update on the position relating to a number of current issues affecting firefighter pensions.

Recommendation

That the LPB note the content of the report.

Introduction/Background

1. The purpose of the LPB is to assist the Authority in its role of Scheme Manager:
 - (a) To secure compliance with legislation relating to the governance and administration of the firefighters' pension schemes, and any requirements imposed by The Pensions Regulator in relation to the firefighters' pension schemes; and
 - (b) To ensure the effective and efficient governance and administration of the firefighters' pension schemes.
2. This report provides an update on a number of issues considered to be relevant to the LPB's role. The issues, whilst all relating in some way to the firefighters' pension scheme, are quite disparate in nature. They vary quite significantly in their complexity, the stage they are at, and their impact on LFEPA.
3. The following items will be considered as part of the report. These have been grouped to try to consider related issues together.

- Legal cases/issues
 - Transitional arrangements for the 2015 FPS
 - Contributions Holiday – firefighters that joined aged 18-20
 - Walker (Appellant) v Innospec Limited and others (Respondents) [2017]
 - 2017 Amendment orders
- Pensions issues
 - Member Self Service (MSS)
 - Guaranteed Minimum Pensions (GMP) Reconciliation
 - General Data Protection Regulation (GDPR)
- Firefighter pensions
 - Valuation
 - Scheme Advisory Board (SAB)
- Local pensions issues
 - LPB Member Training
 - LPFA arrangements
 - Communication with members
- Consultations
 - The Pensions Regulator Scheme Return
 - SAB Local Pension Board Survey
 - Re-engagement of Senior Fire Officers Post-retirement: response to Government Consultation

Legal cases/issues

4. The following section provides an update on legal cases/issues that impact on the pension scheme.

Transitional arrangements for the 2015 FPS

5. The Employment Appeal Tribunal (EAT) handed down its judgment in the above matter on 29 January 2018.
6. In summary, the EAT has allowed the firefighters' appeal on the justification part of their age discrimination claim, but only on a narrow basis. It also allowed their appeal on indirect race discrimination. It should be noted though that the EAT has not itself made a finding that the transitional pension protections were discriminatory, instead finding that the tribunal may need to re-examine this issue, depending on the outcome of the further appeal (see below). The EAT also dismissed the firefighters' appeal in regard to their equal pay and indirect sex discrimination claims.
7. In terms of next steps the EAT has granted the respondents, including the fire and rescue authorities, permission to appeal to the Court of Appeal (and in a number of respects the same applies to the firefighters). The fire and rescue authorities are currently preparing an appeal in respect of this matter, and it is understood that the Government are also preparing an appeal.

Contributions Holiday – firefighters that joined aged 18-20

8. The tax deducted from the contribution refunds has now been paid to HM Revenue & Customs as required, to meet the 31 January 2018 deadline.

Walker (Appellant) v Innospec Limited and others (Respondents) [2017]

9. This is a case involving survivors benefits for same sex/civil partners in pension schemes, as previously reported to LPB.
10. Mr John Walker worked for Innospec Ltd, from 1980 until his retirement in 2003. Throughout that time he made regular contributions to the firm's occupational pension scheme. Mr Walker has lived with his male partner since 1993. They entered into a civil partnership in January 2006 and subsequently married.
11. The Government has yet to respond formally to the judgement.

2017 Amendment Order

12. The November 2017 LPB meeting was advised of a recent Firefighter Pension Scheme amendment order, SI 2017/892. The effect of this was that widows, widowers and surviving civil partners of firefighters who died or die on duty in England and Wales would no longer lose their survivor benefits if they remarry or form a civil partnership.
13. The amendment order however extended the circumstances in which the spouse's/civil partner's pension would be retained on remarriage/re-civil partnership beyond those for which a normal injury award would be awarded (where the injury is already recorded), as the survivor's pension should also continue after remarriage/re-civil partnership where the firefighter dies as a result of an injury sustained travelling to and from work. The challenge for the Brigade is therefore to also record these latter injuries in the event they later result in the firefighter's death.
14. Advice received from the Health and Safety Department is that the Brigade's new accident reporting solution can capture injuries to firefighters that occur under such circumstances. For this to be effective, it is likely this will need to be supported by communications to staff and managers, and documented appropriately in Brigade policy. This can be discussed further in the appropriate health and safety machinery.

Pensions issues

15. This section provides an update on general pensions issues.

Member Self Service (MSS)

16. The SAB will be meeting with fire pension scheme software providers to discuss improvements on the MSS system – MSS is a key resource in supporting members in the management of their pension. Officers will monitor developments and when satisfied with the information provided by MSS will agree with the LPFA/LPP to its release to scheme members.

Guaranteed Minimum Pensions (GMP) reconciliation

17. As previously reported to the Board, the LPP are continuing work on the LFB GMP records to reconcile our pension data against HMRC data to ensure liabilities are recorded correctly and to avoid overpayment of pensions. The Home Office and SAB are meeting and considering issuing guidance on the treatment of overpayments resulting from GMP.

General Data Protection Regulation (GDPR)

18. As reported at the last LPB meeting, from 25 May 2018 the EU General Data Protection Regulation (GDPR) introduces new legislation governing the collection, use, and processing of personal data.
19. Work is underway to ensure the Authority complies with the new regulations. Part of this work includes the LFB Information Access team carrying out an information audit of how every department collects, stores and uses personal information including data relating to the firefighters' pension schemes.
20. The Board will be kept updated of how GDPR relates to the firefighters' pension scheme.

Firefighter pensions

21. This section provides an update on firefighter pensions issues.

Valuation

22. As reported previously to the Board, the Government Actuary's Department (GAD) is undertaking a valuation of the Firefighters' Pension Schemes, as at 31 March 2016.
23. The results of the 2016 valuation are expected to be available in April 2018, with employer contribution rates expected to change from April 2019.
24. The LPB will be kept informed of any developments.

Scheme Advisory Board (SAB)

25. As previously reported, the SAB has a new website – www.fpsboard.org. This is a source of useful information and includes items such as SAB agenda and minutes and publications including Fire Pension Scheme Bulletins.
26. The last FPS Bulletin (number 4 – January 2018) is attached as Appendix 1.
27. The last SAB minutes of 25 September 2017 are also attached for information as Appendix 2.

Local pensions issues

28. This section provides an update on local firefighter pensions issues.

LPB Governance arrangements following abolition of LFEPA

29. As the Board should be aware, LFEPA will be abolished on 31 March 2018 and a new office known as the 'London Fire Commissioner' created in its place. This will mean that there will be a need for the membership of the LPB to be reviewed, in particular with regard to the employer representatives. A report is to be prepared for the London Fire Commissioner to consider this issue.

LPFA/LPP arrangements

30. The LPP is moving towards a new organisational model intended to provide greater resilience and flexibility, and align systems and business processes for all the clients. For LFB this means that there will no longer be a dedicated team dealing with just LFB firefighters' pensions, but they will become part of a wider resource pool supporting firefighter pensions. LFB phone calls and emails have now been moved to be dealt with by the LPP's help desk in Preston. The help desk should be able to deal with the majority of routine calls, with more complex cases

forwarded on to more specialist officers. In addition, the LPP has also indicated that it intends to relocate pensions administration staff from Union Street to other London offices from April.

31. The LPP has informed officers that it is committed to continuing to develop electronic communication with scheme members in order to provide the most efficient service possible. It will communicate with, and support, our members to encourage them to get online, so that future communications can be provided to them through an online portal (MSS) that will enable the members to view and print documents including Annual Benefit Statements, newsletters, P60's and pay advices. However, it may be that some members may still prefer to receive a paper copy of the documents above, and all members will retain the option to opt out of electronic communications.
32. Officers will continue to consider the options available for the best long term arrangements for the administration of LFEPAs' firefighter pension schemes and will keep the Board informed of any developments.

Communication with members

33. As mentioned above, the LPP is continuing to develop electronic communications as the preferred method to keep in touch with scheme members.

Consultations

34. This section provides an update on consultations of relevance to pensions.

The Pensions Regulator Scheme Return

35. The Pensions Regulator annual return was completed by the LPB Chair, in consultation with officers, and previously circulated to Members.

SAB Local Pension Board Survey

36. Regulation 4a of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 required Fire and Rescue Authorities (FRAs) to establish local pension boards by 1st April 2015 to assist them in the effective administration and governance of the scheme.
37. Given the passage of time since the establishment of local pension boards, the Scheme Advisory Board considered that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of local pension boards and interaction with their scheme manager and sent round a survey. To this end the SAB provided a survey and this was completed by the LPB Chair, in consultation with officers. A copy is attached as Appendix 3 for information.

Re-engagement of Senior Fire Officers Post-retirement: response to Government Consultation

38. In February 2017, the Government launched a consultation on amending the Fire and Rescue National Framework in England ('the Framework') to include requirements to discourage FRAs from re-engaging senior fire officers post-retirement.
39. The consultation ran from 21 February 2017 to 4 April 2017 and 62 responses were received. The consultation response was published on 27 December 2017, summarising the Government's findings and outlining next steps. A copy is attached as Appendix 4. Officers reported this consultation to Resources Committee and the Authority in March 2017, and it was agreed to support the Government's proposals, see FEP 2712.

Head of Legal and Democratic Services comments

40. The Head of Legal and Democratic Services comments are included in the body of this report.

Director of Finance and Contractual Services comments

41. Comments by the Director of Finance and Contractual Services are incorporated in the body of the report.

Sustainable Development implications

42. No direct implications.

Staff Side Consultations undertaken

43. Consultation is not necessary as the Staff Side are members of the Local Pension Board.

Equalities implications

44. No direct implications.

List of Appendices to this report:

1. SAB FPS Bulletin 4 – January 2018
2. SAB Minutes 2017
3. SAB Local Pension Board Survey
4. Re-engagement of Senior Fire Officers Post-retirement: response to Government Consultation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents As referenced in the report.	
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