

Pensions Board Annual Report 2024/25

Report of the Chair of Pensions Board

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1 Executive Summary

This Annual Report to Standards Audit and Performance Committee from Chair of Pensions Board provides assurance on effectiveness and efficient governance and administration of Firefighters pension Schemes.

2 Recommendations

The Committee is asked to note the report.

3 Background

The report presents an update on Shropshire Fire and Rescue Pension Board for the period 1 April 2024 - 31 March 2025

The Public Service Pensions Act (PSPA) 2013 introduced the requirement to have a Local Pension Board to assist in the governance of the Scheme. The Board has no remit as a decision-making body but is established to assist the Scheme Manager to fulfil its functions which cover all aspects of governance and administration of the Firefighters' Pension Scheme (FPS). The Fire Authority has delegated its functions to the Chief Fire Officer.

The Board's Terms of Reference requires that the Board meet four times a year. The Chair of the Board, with the consent of the Board membership, may call additional meetings. Urgent business of the Board may, in exceptional circumstances, be conducted via communications between members of the Board, including telephone conferencing and e-mails. There were three meetings held during the period 2024/2025. This was not as planned due to unexpected events that occurred.

Membership: One new employer representative was appointed to the Board during the year 2024-25, ensuring the membership was appropriate.

Resources: the appointment of a Pensions Officer has supported the progression of the governance and administration of fire pensions work, supporting both SFRS, as well as staff both serving and retired.

SFRS continues to contract its pensions provision through West Yorkshire Pension Funding. With performance reviewed via the board as well as contractual meetings.

Work Plan 2024/2025: During the period 2024/25, with the hard work and commitment of everyone who has contributed to the work activities involved in fire pensions, has meant that key activities have continued to be delivered and projects progressed in a challenging environment. The focus of pension workload during this year has been reported to the Pension Board and is primarily continued work on the implementation of the following major projects:

- The Sargeant/McCloud judgement relating to age discrimination.
- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'.
- Monitoring of the services provided through West Yorkshire Pensions Fund (WYPF).

The Board also:

- Appointed a new Chair and employee representative
- Agreed and implemented a Pensions Board Constitution.
- Continued monitoring of pension's risks, breaches and internal disputes.

Pensions Exercises

McCloud/ Sargent

A number of issues have been experienced during 2024/2025 to progress McCloud/ Sargent remedy cases. These have centred around the guidance provided from the government in how this could be achieved for Sargent cases. The capacity of WYPF has also been an issue and has meant that cases are not being progressed within a defined timeline.

The statutory deadlines of 31st August 2024 for Annual Benefit Statements and 31st March 2025 for Remedial Service Statements (RSS) were not met for those members impacted by the McCloud/Sargent Remedy. Both the administrator WYPF and the Fire Authority, as scheme manager, have recorded the breach and reported to The Pensions Regulator. This was a common issue experienced across several pension administrators and Fire and Rescue Services.

These issues are monitored via the Pensions Board risk register. A risk relating to the issuing of annual statements is currently rated as high and red.

For immediate choice RSS (for members who retired between 1st April 2015 and 30th September 2023) there continues to be issues experienced around re calculations, the timeline and manual approach taken to this which are aligned to the capacity of WYPF to process this in an expedient way. To support oversight of these issues there is regular engagement through monthly contract meetings with the contract manager at WYPF. These have recently been put into place and officers continue to attend and contribute to client meetings.

The uncertainty for members who are impacted by the above issues has been recognised by the Pensions Scheme Manager who has issued a letter to each member of the pension scheme.

The Pensions Officer has also ensured engagement with scheme members on this issue and a meeting was also held with retired members to aid communication and discussion around the issues being experienced.

Matthews

There has been positive progress made on the Matthews project through 2024-25, with 231 statements of benefits and costs for those expressing an interest prepared and issued to members. There are 6 statements still to issue. Some of these outstanding cases have needed referral to the Government's Actuary Department to perform manual calculations.

Members who have made a positive decision to join have been processed with the relevant paperwork passed to WYPF.

Progress with WYPF had stalled due to policy and capacity issues, but WYPF have reassured services that following a restructure and successful recruitment performance will improve into 2025-26.

To ensure all eligible members are aware of and can express an interest in joining the modified 2006 scheme, the service has undertaken a successful tracking exercise and the number of on call fire fighters expressing an interest in accessing the Matthews second options has increased. To date the service has received 237 expressions of interest which represents 60% of eligible membership.

Pensions Board Risk Register

The risk register is reviewed at each Board meeting with a focus at all meeting on amber and red risks (medium and high rated). Green risks are reviewed 6 monthly.

The most pertinent risks exist in regard to:

- The failure to issue pensions benefits statements: likelihood and Impact are HIGH (as cited earlier in the report)
- Impacts of changing legislation: Likelihood and IMPACT are MEDIUM

Risks will continue to be monitored at each board meeting. It is also intended that the approach to the risk register is improved to enable more detailed assessment during 2025/2026.

Breaches Register

There have been 4 new breaches in 2024/25.

2 relate to the missed statutory deadlines for the ABS and RSS which have been reported to The Pension Regulator as cited earlier in the report.

1 relates to the failure to issue a leaver form on time for a member leaving the scheme. The form has now been issued and a 'leaver tracking' spreadsheet has been set up to monitor and improve on this in the future.

1 relates to the failure to issue an accurate ABS due to prior scheme membership being missing. The previous FRS failed to provide the information in a timely manner which is a mitigating factor, as Shropshire FRS had no control over this.

Scheme Manager and discretionary decisions

The Scheme Manager / Brigade Manager for Human Resources have made 6 recorded discretionary decisions during 2024/25 relating to:

- 4 decisions were about allowing a scheme member to count a period of unpaid authorised leave as scheme membership and whether the service would cover the employer contributions.
- 1 decision was a discretion on whether to accept the status of 'nominated partner' where a relationship to a deceased firefighter is for less than 2 years.
- 1 decision was whether to allow a member retrospectively opt in to the scheme.

In 2024-25 the scheme manager also made the decision to formerly nominate WYPF, and their Integrated Service Provider (ISP), Bravura, as the preferred choice to join with the Pension Dashboard ecosystem.

Training

Look forward 2025/26

Attached as an appendix to this report is Pensions Board Workplan for 2025.

4 Financial Implications

There are no financial implications arising from this report.

5 Legal Comment

There are no legal implications arising from this report. However, as identified at the outset of this report, the role of the board is to assist the scheme manager in complying with the relevant legislative requirements, making sure the scheme is being effectively and efficiently governed and managed.

6 Appendix

Pension Board Workplan 2025.

7 Background Papers

There are no background papers associated with this report.

Pension Board Work Plan 2025

Action	Responsible Person	April	June (Annual Meeting)	September	December
Receive update on Contract Management	Pension Board Chair and HR Manager	✓	✓	✓	✓
Review Pension Board Terms of Reference	Pension Board		✓		
Agree Annual Work Plan	Pension Board	✓			
Review Conflicts of Interest Policy	Pension Board		✓		
Receive Pension Administrator Update Reports covering <ul style="list-style-type: none"> • Data on work completed / in progress • Membership numbers • Scheme Advisory Board bulletins • Key Performance Indicators • Communications Update 	Client Relationship Manager, West Yorkshire Pension Fund Head of Finance/ Pensions Officer	✓	✓	✓	✓
Agree Annual Report to Standards, Audit and Performance Committee from Chair of Board providing assurance on effectiveness and efficient governance and administration of Firefighter Pension Schemes	Pension Board		✓		

Update Training Register for Board Members	Pension Board	✓	✓	✓	✓
Receive update on Breaches Register	West Yorkshire Pension Fund	✓	✓	✓	✓
Update Pension Board Risk Register	Pension Board	✓	✓	✓	✓
Receive update on Register of Internal Disputes (by exception)	Head of HR and Administration	✓	✓	✓	✓
Receive update on Pension Exercises (Sargent and Matthews)	Head of Finance / Pension Officer	✓	✓	✓	✓
Payroll	Head of Finance/ Pension Officer	As and when required			
Pension Board Training Session	Pensions Officer	✓		✓	
Scheme Manager Decisions	Pensions Officer	✓	✓	✓	✓
Application of Pension Discretions	Head of HR and Admin/ Pension Officer	✓	✓	✓	✓
Pension Dashboards	West Yorkshire Pension Fund	✓	✓	✓	✓