

Shropshire and Wrekin Fire and Rescue Authority Pension Board

Chair's Report 2021

Purpose of the Pension Board

The Pension Board (the Board) has been operational since 2015 and its purpose is to assist Shropshire and Wrekin Fire and Rescue Authority in its role as a Scheme Manager of the Firefighters Pension Scheme (the Scheme), particularly with regard to:

- (a) Securing compliance with the Pension Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- (b) Ensure the effective and efficient governance and administration of the Scheme.

The Board holds three meetings per year (recently increased to four per year), with the minutes from these meetings coming to the Fire Authority's Standards, Audit and Performance Committee.

Membership

The Board has four members, two of whom represent the employees and two of whom represent the employer. During 2020 these were:

Employee Representatives

- Matthew Lamb – The Fire Brigades Union (FBU)
- Tony Talbot – The Fire and Rescue Services Association (FRSA)

Employers Representatives

- James Walton – Service Treasurer (Shropshire Council)
- Simon Hardiman- Assistant Chief Fire Officer

Board meetings are also attended, and very much supported, by officers with specific responsibilities for the management and administration of the Scheme. This includes Lisa Vickers (Shropshire Fire and Rescue Service) and Darren Bowe (Senior Pensions Officer, Shropshire Council), who implement most of the actions that fall out of the meetings.

It is pleasing to note that membership of the Board has remained relatively constant for the last four years. This means that the Board's level of knowledge, experience and confidence is good. However, it is not being complacent and therefore members of the Board continue to undertake appropriate training and attend relevant conferences in order to keep up to date with this very complex subject.

This is aided by the excellent coordination role undertaken by the national Scheme Advisory Board (SAB) and also by taking advantage of the excellent training tools available through The Pension Regulator's (TPR) website. This said, the board recognises that staff and Members of the Board will change over time, and discussions have started around potentially increasing the membership to maintain the knowledge base and maintain quorum at meetings.

Activities of the Board

The Board does not administer or manage any part of the Scheme, but it does oversee the decisions that are made - and it can, and does, make recommendations for improving the efficiency and effectiveness of scheme administration.

It also has a role in overseeing the introduction of new regulations as they relate to the Scheme. A good example of this, during 2020/21, was the guidance regarding to Immediate detriment cases, following a Court ruling around transitional protection arrangements.

A further example in 2019, was the introduction of the General Data Protection Regulation (GDPR), which requires that the personal data required for the purposes of administering the Scheme is collected, held and stored correctly. The Board has gained assurance that the Scheme is compliant with GDPR, including informing Scheme Members about how their data is used.

The Board also coordinates the response to numerous national surveys, that look at many different aspects of Scheme management. It then reflects on the results from such surveys and ensures that the Service and the administrator take on any relevant learning.

A particular focus of improvement over the last 12 months, has been in encouraging the increased use of the Member's Pension Portal. This online system provides all members with easy access to their Annual Benefit Statements; information about any tax implications they may have due to exceeding their Annual Allowance; and even a Benefits Projector, which allows them to explore how changing their actual retirement date might impact on their pension benefits. The Board have been encouraged by the number of members who have already registered on the portal (currently standing at 55% of all Fire Pension Scheme members, 47% for deferred memberships, 57% for pensioners and 57% for Active Members).

The Member's Pension Portal can be accessed via the following link:

<https://www4.shropshire.gov.uk/altairMSSWeb/login>

This link enables members of either the Fire Pension Scheme or the Local Government Pension Scheme to create a log-in for the Shropshire County Pension Fund Member Self Service website.

The year ahead

As is the case in many areas of work, the pensions arena is full of much uncertainty over the coming year. Specific matters of interest to the Fire Authority include:

- (a) In 2021, the Court of Appeal ruled against the 2018 Local Government Association appeal to the decision that the 'transitional protection', offered to some members as part of the 2015 Pension Reforms, amounts to unlawful discrimination. As a result, the Court will require steps to be taken to compensate employees who were transferred to the new schemes. With the provisional estimate indicating that the judgment could cost the equivalent of around £4 billion per annum, for the national Scheme as a whole, the uncertainty around what impact this could have locally is obviously a matter of greatest importance, both to the Service and the members of the Pension Scheme affected by the decision.
- (b) How increases to the employers' contribution rate, introduced as a consequence of the Scheme valuation process in 2016, will be reflected in the Service's future funding settlements with Government. As highlighted in the Fire Authority's financial reports, whilst the Government has funded approximately 90% of the annual increase in 2020/21, it is currently unknown whether this ongoing cost will be addressed in the Comprehensive Spending Review. This leaves the Service with significant uncertainty about how the, approximately, £1m increase in employer contributions will be covered in future years
- (c) The Service is currently in the process of identifying a new pensions administrator and are working closely with Warwickshire Fire and Rescue Service, who are also going to market for a new provider. This will change the way we currently engage with our administrator moving forward and will also require additional internal resource to support the administrator.

The Board will ensure that the Fire Authority and local members of the Pension Scheme itself are kept informed on these matters as the implications become clearer.