



**Wednesday,
23 March 2022
2.00 pm**

**Meeting of
Local Pension Board -
Firefighters Pension
Scheme
Clemomds Hey
Winsford
CW7 2UA**

Contact Officer:
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Democratic Services

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Cheshire Fire Authority

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MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME

WEDNESDAY, 23 MARCH 2022

Time : 2.00 pm

Fire Conference Room - Fire Service HQ, Clemonds Hey, Winsford, Cheshire, CW7 2UA

AGENDA

- 1 Apologies for absence**
- 2 Declaration of Interests**
- 3 Notes from the previous meeting** (Pages 1 - 6)
A copy of the notes from the previous meeting held on 10th November 2021 are attached, for information.
- 4 XPS Administration Cheshire Fire Service Delivery Report April 2021-2022** (Pages 7 - 22)
- 5 Firefighter Pension Scheme Update** (Pages 23 - 44)
- 6 Firefighter Pension Scheme Risk Register** (Pages 45 - 62)
- 7 McCloud/Sargeant Judgement Update** (Verbal Report)
- 8 JCNP Pensions Update** (Verbal Report)
- 9 Pension Board Training Update** (Verbal Report)

Next Meeting: Wednesday 9th August 2022



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Wednesday, 10 November 2021 at Remote Meeting - Via Skype at 2.00 pm

PRESENT: Councillors David Brown (Chair) and George Peers (FBU)

OFFICERS: Andrea Harvey (Pension Scheme Manager), Amy Caves (Solicitor), Carmine Rabhani (Pay and Pensions Lead), Emilie Purslow (Pension Coordinator), Paul Mudd (XPS Administration), Jill Swift (Pensions Manager) and Donna Linton (Governance and Corporate Planning Manager)

1 APOLOGIES

Apologies for absence were received from Lee Shears (Employer) and Neil McElroy (Employee).

2 DECLARATION OF INTERESTS

There were no declarations of interest received.

3 NOTES FROM THE PREVIOUS MEETING

RESOLVED: That

[1] the minutes of the Local Pension Board held on 11th August 2021 be confirmed as a correct record.

4 XPS ADMINISTRATION CHESHIRE FIRE PENSION BOARD REPORT 2021-2022

The Governance and Communications Manager, Paul Mudd from XPS Administration, was in attendance and presented the Cheshire Fire Pension Board Report 2021-22 which contained the following information:-

- Overview of Regulations and Guidance
- Member Self Service
- Common Data
- Annual Benefit and Pension Saving Statements
- Completed Cases Overview
- Membership
- Completed Cases by Month
- Complaints

The Pension Scheme Manager welcomed the 'In the Loop' produced by XPS Administration which summarised the 'FPS Bulletins' and suggested that Members and officers of the Pensions Board were include in the distribution list for future

updates. The Governance and Corporate Planning Manager would provide XPS Administration with the relevant information outside the meeting.

Paul Mudd provided an update on McCloud and advised that work was being finalised on the data collection and provision of benefits going forward. Reference was made to the Framework for managing Immediate Detriment Cases and that XPS Administration had already calculated some cases for CFRS. In response, the Pension Scheme Manager expressed her concern regarding the accuracy of the information being provided as this was being calculated manually. She asked if, rather than just presenting the final figures, whether advice could be provided as to how the calculations had been undertaken. This would enable CFRS to quality assure the figures to provide another check and balance to ensure accuracy. Paul Mudd agreed that this would be helpful and advised that he would confirm this with the team.

Paul Mudd advised that the Member Self Service went live in July 2021 and correspondence was issued to all pensioners providing details on how to access the system. To date 51.1% of active members and 26.6% of retired members had registered themselves on the system. In response, the Pension Scheme Manager advised that she was disappointed with the take up from active members and asked if this could be promoted further. It was suggested that CFRS could advertise the Member Self Service on the Intranet to encourage a higher take up rate. Paul Mudd advised that XPS Administration were currently putting together communications to promote the system and would share this with CFRS once available. George Peers suggested that if information on how to use the Member Self Service and the link was sent directly to himself he could then circulate this to the Fire Brigades Union members to promote its use. This was agreed.

Paul Mudd referred to the Annual Benefit Statement Production and confirmed that all Annual Benefit Statements were published online via the Member Self Service by 31st August 2021. Members who do not access the system would not have seen this information.

Paul Mudd confirmed that the Scheme Return to the Pension Regulators was due today. In response, Emily Purslow confirmed that she had received confirmation from XPS Administration that this had been submitted for CFRS.

RESOLVED: That

- [1] the XPS Cheshire Fire Pension Board Report 2021-22 be noted.**
- [2] XPS Administration to circulate the 'In the Loop' document to the Local Pensions Board Members going forward.**
- [3] XPS Administration to provide guidance as to how calculations were undertaken for Immediate Detriment cases to enable CFRS to perform additional checks on the final numbers.**
- [4] XPS to send communications to CFRS to assist in the promotion of the**

Self Service facility.

5 FIREFIGHTER PENSION SCHEME UPDATE

The Pay and Pensions Lead presented a report which provided an overview of the current issues relating to the Firefighters' Pension Schemes, including updates on the following:-

- Membership Statistics
- FPS Bulletin Actions Arising
- Public Service Pensions and Judicial Offices Bill
- Consultations
- HM Treasury Response to Committee of Public Accounts Committee Report
- Change of LGA Fire Pensions Technical Lead
- Risk Management Board
- Memorandum of Understanding – McCloud
- Split Pensions – Case Study
- Pensions Team Resourcing

The Pension Scheme Manager advised that the new Pensions Manager had started on 25th October 2021. The role sits in the Joint Corporate Services team, however this position would be dedicated to Cheshire Fire. Additional funding had been obtained for a fixed term resource should the pension team need any further assistance. The Pensions Manager would assess workloads in the coming weeks to identify any pinch points that may be experienced in the coming months, to determine where this funding could be utilised.

The Pension Board were advised that CFRS and the Fire Brigades Union had produced a case study to raise awareness on split pensions. The case study was published by the LGA in the FPS Bulletin 49.

RESOLVED: That

[1] the Firefighter Pension Scheme Update be noted.

6 MCCLOUD/SARGEANT JUDGEMENT UPDATE

The Pension Scheme Manager and the Solicitor provided an update on the McCloud/Sargeant Remedy and Immediate Detriment.

The Pensions Board were advised that on 8th October 2021 the Local Government Association and Fire Brigades Union (FBU) agreed a Memorandum of Understanding (MoU) for FRAs to follow when handling Immediate Detriment cases. As the MoU was not legally binding, a report had been submitted to the Fire Authority's Staffing Committee on 8th November 2021 to propose the adoption of the MOU and to highlight the implications of this. The Pension Scheme Manager advised that the Committee had endorsed the intended approach to handling of Immediate Detriment cases and acknowledged the joint working with the FBU.

The Service and the FBU released a joint statement on 27th October 2021 to all members updating them on the current position and next steps. The Service had also written to all current staff and retirees who were in scope for Immediate Detriment advising them of the Service's position relating to the progression of Immediate Detriment cases.

The Solicitor provided an update on the Public Service Pensions and Judicial Offices Bill. It was currently at the report stage in the House of Lords. The third reading was due on 22nd November 2021. It was expected that the Bill would receive Royal Assent by October 2023.

RESOLVED: That

[1] the report be noted.

7 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Pension Scheme Manager presented the Firefighter Scheme Risk Register (the Register) which had been reviewed and updated in October 2021.

The Pension Scheme Manager provided an update and clarity on the following risks:-

- Operational Disaster Risk: To include Corporate Risk 'Risk of loss of historic HR, pay and pensions information which would be needed for ID calculations' also the Corporate Risk relating to the introduction of Microsoft 365.
- Loss of Experience / Knowledgeable Staff Risk: To update to include the appointment of the new Pensions Manager. A Board Member suggested that a new Risk should be included referring to the 'loss of experienced / knowledgeable Board Members'.
- Excessive charges by provider Risk: To rename this 'Transition of Costs'.

The Pension Scheme Manager advised that the Fire Scheme Risk Register would be fully reviewed prior to the next meeting of the Pension Board to ensure that all risk areas and scoring were up to date and aligned with the Corporate Risk Register.

RESOLVED: That

[1] the Firefighter Scheme Risk Register be noted.

[2] the Pension Scheme Manager and Pensions Manager review the Fire Scheme Risk Register prior to the next meeting of the Pension Board.

8 JCNP PENSIONS UPDATE

The Pension Scheme Manager reported that the main issue raised at JCNP was the Memorandum of Understanding (MoU) which had been covered in both minutes 5 and 6 above.

RESOLVED: That

[1] the update be noted.

9 PENSION BOARD TRAINING UPDATE

The Pension Scheme Manager reported that the LGA had advised that the 'annual wrap-up' training session would be available later in the year and would be advertised in the FPS Bulletin accordingly. The LGA were scaling back on their bespoke training offer in the immediate term, in light of both remedy and the changes in staff within the team.

RESOLVED: That

[1] the update be noted.



Cheshire Fire
Pension Board Report

2021-2022

Contents

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01 Overview

Regulations and Guidance

April 2021

LGA issued FPS Bulletin 43

Key points covered are:-

- Updates on age discrimination
- Remedy data collection guidance

Action required

- Top Up Grant 2021 – FRA's should note the Home office deadline of 4th May for providing this information.

LGA issued FPS Bulletin 44

Key points covered are:-

- FPS Remedy data collection tools, template and notes

Action required

- IDRPs data collection required by 31st May 2021 – data supplied.

May 2021

XPS attended the North East Regional Group – Virtual 19th May 2021

LGA issued FPS Bulletin 45

Key points covered are:-

- FPS Member website launched on 20th May 2021, www.fpsmember.org

Action required

- FRA's to complete SAB remedy self-assessment survey by 30th June 2021

June 2021

The Home Office issued an update to the existing informal and non-statutory guidance on immediate detriment cases – 10th June 2021

LGA issued FPS Bulletin 46

Key points covered are:-

- HM Treasury published two public consultations on 24th June 2021. The consultations seek views on proposals to changes to the cost control mechanism in public service pension schemes and the appropriate methodology for setting the discount rate used in scheme valuations.
- LGA updated the information note for FRA's following the release of the Home Office guidance on immediate detriment.
- LGA's factsheets have been updated in line with new limits or thresholds for 2021/22

July 2021

On 19 July 2021, HM Treasury introduced the Public Service Pensions & Judicial Offices Bill (PSP&JO Bill) to the House of Lords. The PSP&JO Bill sets out in law how the Government will remove discrimination identified by the courts in the way that the 2015 reforms were introduced for some members (i.e. remedy)

LGA issued FPS Bulletin 47

Key points covered are:-

- The introduction of the PSP&JO Bill
- The results from the Pensions regulators' 2020-21 Governance and Administration survey

August 2021

LGA issued FPS Bulletin 48

Key points covered are:-

- Home Office guidance has been published following the announcement of the introduction of Public Service Pensions & Judicial Offices (PSP&JO) Bill
- Update from LGA on the PSP&JO Bill and what it means for the FPS
- The SAB response to HMT consultations seeking proposals to reform the cost control mechanism in public service pensions

September 2021

The Public Service Pensions and Judicial Offices Bill received second reading in the House of Lords on 7th September and will now move to the committee stage (first sitting on 11th October 2021).

LGA issued FPS Bulletin 49

Key points covered are:-

- Two pension award case study
- Second reading of the PSP&JO Bill

October 2021

On 8th October 2021 the FBU and LGA published a joint statement to announce the agreement of a Memorandum of Understanding and Framework for managing immediate detriment cases arising from McCloud/Sargeant age discrimination judgment.

On 20th October 2021 the Office for National Statistics announced the Consumer Price Index (CPI) rate for inflation for September 2021 as 3.1%

The Home Office published workforce and pensions statistics for Fire and Rescue Services (England) on 21st October. The pension scheme statistics covering April 2020 to March 2021, reflect data returns on income, expenditure and membership submitted by all FRA's in England

LGA issued FPS Bulletin 50

Key points covered are:-

- FPS Member website resources added, new section titled 2015 Remedy
- Consultation on FPS Wales
- HMT consultation response to the cost control mechanism

November 2021

On 8th November 2021 the Home Office launched a consultation on the amendments to the pension scheme regulations to deliver the first set of changes to remove the transitional protections from FPS 2015. The consultation is open until Sunday 2nd January 2022.

The FBU and LGA published a joint statement on 19th November 2021 to update colleagues on the impact of HMRC's policy note of 27th October 2021 and the Finance (No.2) Bill.

On 29th November 2021 LGA wrote to FRA's and other stakeholders to tell them that the Home Office has withdrawn its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation with immediate effect.

LGA issued FPS Bulletin 51

Key points covered are:-

- Finance (No.2) Bill 2021/22 and the changes that may affect the administration of the FPS.
- Pension Scams, new restrictions on transfers from 30 November 2021.
- Proposed amendments to the PSPJO Bill

December 2021

On 17th December the Scheme Advisory Board has written an open letter to HM Treasury on the withdrawal of the Immediate Detriment guidance, requesting more information on the risks and uncertainties mentioned in their assessment.

LGA issued FPS Bulletin 52

Key points covered are:-

- Immediate detriment framework update

FRA remedy self-assessment survey research report

Post Quarter End

Additional Work

Guaranteed Minimum Pension Reconciliation

Work is currently underway to outline the next steps in this process. This will include a final balance to the information held by HMRC and then calculation of any under, or over, payments that have resulted in a difference between the GMP figure held on the members record and that held by HMRC.

McCloud

Work is being finalised on the data collection and provision of benefits going forward. Information will be released as it becomes available.

"In the Loop 4" has been issued, providing updates on progress in the McCloud Remedy and requirements from the Fire Authority. Further guidance will be issued as we get closer to the issuance of legislation that will provide Remedy for affected members.

02 Member Self Service

	REGISTERED	ACCOUNT DISABLED	ACTIVATION LINK SENT	NOT REGISTERED	TOTAL	% Up Take
Actives	336	4	14	300	654	52.0%
Deferred	80	3	4	401	488	17.0%
Pensioner	218	7	6	544	775	29.0%
Widow/Dep	8	0	0	110	118	6.8%
Total	642	14	24	1,355	2,035	32.2%

03 Common Data

Cheshire Fire				
Data Test	Common data score			
	Max Population	Total Fails	% OK	
NINO	2386	3	99.87%	
Surname	2386	0	100.00%	
Forename / Inits	2386	0	100.00%	
Sex	2386	0	100.00%	
Title	2386	0	100.00%	
DoB Present	2386	0	100.00%	
DJS	2386	0	100.00%	
Status	2386	0	100.00%	
Last Status Event	2386	2	99.92%	
Status Date	2386	23	99.04%	
No Address	2386	6	99.75%	
No Postcode	2386	10	99.58%	
Address (All)	2386	66	97.23%	
Postcode (All)	2386	69	97.11%	
Members with a Fail	2386	30	98.74%	
Members with Multiple Fails	2386	66	97.23%	

04 Completed Cases Overview

Cheshire Fire	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
April	30	28	2	93%
May	35	31	4	89%
June	60	60	0	100%
Quarter 1	125	119	6	95%
July	38	38	0	100%
August	41	41	0	100%
September	50	49	1	98%
Quarter 2	129	128	1	99%
October	39	31	8	79%
November	66	51	15	77%
December	35	32	3	91%
Quarter 3	140	114	26	81%
January				
February				
March				
Quarter 4				
Year - Total	394	361	33	92%

05 Membership

Quarter 3 2021 - 2022

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - FPS	11	▼	58	▼	715	▲	109	▼	3	▼
New - NFPS	10	▼	224	▼	44	▲	3	-	0	-
CARE - 2015	635	▼	203	▼	9	-	2	-	0	-
Total	656	▼	485	▼	768	▲	114	▼	3	▼

Quarter 2 2021 - 2022

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - FPS	12	▼	63	▼	711	▲	113	▼	5	▼
New - NFPS	12	-	230	▲	43	▲	3	-	0	-
CARE - 2015	639	▲	206	▼	9	-	2	-	0	-
Total	663	▲	499	▼	763	▲	118	▼	5	▼

Quarter 1 2021 - 2022

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - FPS	13		80		709		115		6	
New - NFPS	12		228		42		3		0	
CARE - 2015	625		207		9		2		0	
Total	650		515		760		120		6	

Quarter 4 2020-2021

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - FPS	18	▼	79	▼	711	▲	113	▲	6	▲
New - NFPS	12	▼	230	▲	40	▲	3	-	0	-
CARE - 2015	613	▲	211	▲	7	-	2	-	0	-
Total	643	▲	520	▲	758	▲	118	▲	6	▲

06 Completed Cases by Month

April 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	0	0	0
Deferred Benefits	10	90	0	0	0
Divorce Cases	30	100	1	1	100
Estimates	10	100	8	7	88
General	10	100	4	4	100
Processing new entrants	10	90	0	0	0
Refunds	10	100	0	0	0
Retirement Actual	10	100	0	0	0
Retirement Options	10	100	1	1	100
Transfers – in (Calculation)	10	90	3	3	100
Transfers – in (Payment received)	10	90	0	0	0
Transfers – Out (Calculation)	10	100	1	1	100
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	12	11	92

May 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	0	0	0
Divorce Cases	30	100	0	0	0
Estimates	10	100	15	11	73
General	10	100	4	4	100
Processing new entrants	10	90	0	0	0
Refunds	10	100	3	3	100
Retirement Actual	10	100	0	0	0
Retirement Options	10	100	2	2	100
Transfers – in (Calculation)	10	90	1	1	100
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	8	8	100

June 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	1	1	100
Divorce Cases	30	100	0	0	0
Estimates	10	100	3	3	100
General	10	100	13	13	100
Processing new entrants	10	90	7	7	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	0	0	0
Retirement Options	10	100	0	0	0
Transfers – in (Calculation)	10	90	2	2	100
Transfers – in (Payment received)	10	90	0	0	0
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	33	33	100

July 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	1	1	100
Divorce Cases	30	100	0	0	0
Estimates	10	100	1	1	100
General	10	100	14	14	100
Processing new entrants	10	90	4	4	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	0	0	0
Retirement Options	10	100	1	1	100
Transfers – in (Calculation)	10	90	1	1	100
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	14	14	100

August 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	0	0	0
Deferred Benefits	10	90	3	3	100
Divorce Cases	30	100	0	0	0
Estimates	10	100	3	3	100
General	10	100	15	15	100
Processing new entrants	10	90	2	2	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	2	2	100
Retirement Options	10	100	1	1	100
Transfers – in (Calculation)	10	90	0	0	0
Transfers – in (Payment received)	10	90	0	0	0
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	15	15	100

September 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	2	2	100
Deferred Benefits	10	90	0	0	0
Divorce Cases	30	100	2	2	100
Estimates	10	100	3	3	100
General	10	100	11	11	100
Processing new entrants	10	90	1	1	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	1	1	100
Retirement Options	10	100	3	2	67
Transfers – in (Calculation)	10	90	2	2	100
Transfers – in (Payment received)	10	90	0	0	0
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	25	25	100

October 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	3	3	100
Deferred Benefits	10	90	1	1	100
Divorce Cases	30	100	0	0	0
Estimates	10	100	3	1	33
General	10	100	15	9	60
Processing new entrants	10	90	0	0	0
Refunds	10	100	0	0	0
Retirement Actual	10	100	1	1	100
Retirement Options	10	100	4	4	100
Transfers – in (Calculation)	10	90	1	1	100
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	10	10	100

November 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	0	0	0
Deferred Benefits	10	90	5	5	100
Divorce Cases	30	100	1	1	100
Estimates	10	100	4	2	50
General	10	100	12	9	75
Processing new entrants	10	90	7	7	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	4	3	75
Retirement Options	10	100	3	2	67
Transfers – in (Calculation)	10	90	0	0	0
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	29	21	72

December 2021

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	4	3	75
Divorce Cases	30	100	0	0	0
Estimates	10	100	2	2	100
General	10	100	4	3	75
Processing new entrants	10	90	2	2	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	1	1	100
Retirement Options	10	100	4	3	75
Transfers – in (Calculation)	10	90	0	0	0
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	0	0	0
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	16	16	100

07 Complaints

Full Name	Description	Date received	Date completed	Comment
Nil return				

Graeme Hall
Operation Manager
01642 030643

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CHESHIRE FIRE AUTHORITY

MEETING OF : LOCAL PENSION BOARD – FIREFIGHTERS
PENSION SCHEME
DATE : 23 MARCH 2022
REPORT OF : PENSION SCHEME MANAGER
AUTHOR : JILL SWIFT

SUBJECT : FIREFIGHTER PENSION SCHEME UPDATE

Purpose of Report

1. The purpose of this report is to provide the Pension Board with an update on current issues relating to the Firefighters' Pension Schemes and the local governance arrangements in place to ensure effective administration of the schemes.

Information

Membership Statistics

2. Membership statistics are detailed in Appendix A. When comparing the data from Q3 with Q2 there do not appear to be any significant trends.

McCloud – Immediate Detriment Update

3. On 8 October 2021 the Local Government Association (LGA) and Fire Brigades Union (FBU) introduced the Memorandum of Understanding (MOU) and the Immediate Detriment Framework (IDF). This built on the Home Office guidance released in June 2021, but provided a more detailed approach which aligned with the remedying legislation and a description of how immediate detriment cases should be dealt with. It was expected that all FRSs would adopt the framework and follow the processes for payment. On 8 November, the Fire Authority elected to adopt the IDF.
4. However, on 29 November, HM Treasury and the Home Office released a statement advising that in the course of drafting the McCloud Bill, it had become clear that there were a number of gaps and uncertainties in current legislation, which posed significant risks to operating the remedy smoothly and predictably for both members and schemes. These risks are predominantly related to taxation and may result in members receiving unforeseen tax bills or having their case reviewed multiple times in the future.
5. The Home Office confirmed that they had withdrawn their immediate detriment guidance, and advised FRAs not to proceed with immediate

detriment cases prior to the remedy legislation being finalised. They also concluded that due to the complexity of the issues, it is reasonable to expect more issues to emerge as they continue their work drafting secondary legislation.

6. In addition, they advised that they would not be able to provide additional funding for any immediate detriment costs incurred by any FRAs who opted to continue processing cases. Costs are those that will need to be borne by an FRAs operating account and will include any compensation payments, scheme sanction charges or interest payments.
7. Whilst the withdrawal of the Home Office guidance did not impact the MOU or IDF, it did raise concerns for FRAs who had elected to adopt the IDF and further legal advice was sought from the LGA. As a result of the uncertainty for members and schemes, CFRS have paused processing any immediate detriment cases until further clarification is received on the potential risks. Anyone in scope for immediate detriment will therefore retire under the current rules and their case will be reviewed and recalculated in the future.
8. The Scheme Advisory Board wrote to the HM Treasury in December requesting further detail on the risks but has not yet had a response. The legal opinion received in December confirmed that FRAs can continue to utilise the IDF as a mechanism to progress immediate detriment retirements but it was not able to provide full clarity on taxation matters or provide assurances on the funding position.
9. FPS Bulletin 54 confirmed that there are no further changes in the current position. Therefore at this time, the IDF process remains paused.
10. The FBU has indicated its intention to bring claims against FRAs who do not proceed with the IDF. This may take the form of complaints to the Pensions Ombudsman where compensation would be sought for the distress and inconvenience caused by late payment or non-payment, or possibly test cases in court.

McCloud – Prospective Remedy

11. The McCloud Remedy will be implemented in two phases, prospective and retrospective, delivered through primary and secondary legislation. The first phase of remedy is to make changes to the scheme regulations, in line with the Public Service Pensions & Judicial Offices Bill (PSP&JO Bill), which will close the legacy pension schemes to future accrual from 1 April 2022 and ensure all members who remain in service from 1 April 2022 do so as members of the reformed scheme (the 2015 Scheme). This will ensure future equal treatment going forwards.

12. In November, the Home Office launched a consultation on the draft regulations needed to enact this phase of remedy. From 1 April 2022 any remaining members with full protection will be moved to the 2015 scheme.
13. The LGA Fire Communications Working Group have developed a suite of letter for FRAs to use to communicate the changes to affected members. Our intention is to write to all remaining fully protected members to advise them of the changes to their scheme from April, and for all other members a communication will be published in the Green Bulletin and on the Firefighter Pensions hub on the intranet.
14. The consultation also sought feedback on the implications where ill health cases commence whilst members are still in their legacy scheme, but conclude after they have been moved to the 2015 scheme. The proposal is to implement a protection to ensure these members are not at a disadvantage. We do not currently have any pending ill health cases that will be affected by this change.
15. At the time of writing, the consultation response has not yet been published, but it is expected that these regulations will come into force on 1 April 2022.

Pension Administration Contract

16. The current contract with XPS group is due to expire in August 2022. We are not intending to do a full tender process but will instead direct award through a framework. This will allow a seamless transition and will reduce any risk associated with ongoing projects such as the McCloud Remedy and GMP rectification exercise.

Remedy Self-Assessment Survey

17. In May 2021, the LGA launched a self-assessment survey to gather information on the readiness of the fire sector to deal with the McCloud remedy. The survey looked at a number of key areas such as current administration arrangements, data quality and availability, business processes for calculations, legal and finance matters, member communications and levels of knowledge, capability and capacity. Cheshire's response is at Appendix B and C.
18. In the area of administration, a large proportion of FRAs are administered by West Yorkshire Pension Fund. Whilst LLP and XPS have a smaller market share. There are only 2 FRAs who administer pensions 'in-house'. It was noted that the marketplace for firefighter pension administration is shrinking, namely due to the time and expertise needed to deal with what is a very complex scheme and the number of administrators is likely to shrink further.
19. The survey highlighted issues such as availability of pay and contribution data where services have changed HR systems or payroll

providers since 2015 and the resources required for the data collection exercise. Most FRAs indicated that they would need additional resource to obtain and assess data for McCloud and also the remedy for the Matthews case, which is likely to commence in 2023.

20. FRAs indicated concerns about the processes that will be needed to recalculate pensions, in particular for taxation. It is also clear that FRAs are struggling to identify the potential costs of remedy and therefore the majority did not have an allocated budget for direct and indirect remedy costs.
21. In the area of communications, most FRAs felt that the LGA should provide information such as FAQs at key points during the remedy process and there was an appetite for modellers or online tools to allow members to project benefits. The majority felt that FRAs should provide information to the workforce on timescales and next steps. Most FRAs had a remedy project team or working group and that included input from administrators.
22. Responses on knowledge, capability and capacity were mixed but on average FRAs rated their internal knowledge and capacity as 5.67 out of 10. Most had identified this as a risk on their corporate risk register and were looking to access additional training and some indicated that they would seek external expertise to help.
23. The key risks highlighted for Cheshire Fire and Rescue Service related to data and internal knowledge. Since the survey launch, further work has been completed to identify members impacted by McCloud and a pensions manager role is in place to increase knowledge and capacity within the team.
24. Work has not yet commenced on identifying members affected by the Matthews case. However, the data used in the first options exercise in 2014 is still available and this is likely to be sufficient for the second options exercise. A lot of the data required is stored in an old HR system called PP, which is no longer supported on the current IT infrastructure. Work has commenced to copy this database into a more sustainable format to ensure this data remains available in the future.

Updates to Pensions Tax Legislation

25. On 27 October, HMRC released a policy paper outlining a number of updates that would be provided for in the Finance Bill 2021-2022 to mitigate the impact on individuals affected by the McCloud case. This will allow detailed technical changes to be made in secondary legislation, likely to come in later in the year with retrospective effect to 6 April 2022.
26. The proposed changes include:

- a tax exemption on compensation payments
 - allowing an individual to protect their pension from lifetime allowance charges
 - additional annual allowance to ensure members do not pay more than they would have done if they had remained in their legacy scheme
 - allowing arrears of pension and lump sums to be deemed authorised payments, thereby meaning an unauthorised payment tax charge will not become due
 - removing anomalies from existing legislation which don't currently allow certain tax events to be reported and paid retrospectively.
27. Under the IDF, FRAs have to compensate individuals who have incurred certain unauthorised payment charges and have to gross up compensation payments to account for income tax, leading to additional cost burdens. The introduction of this legislation will remove some of these costs. However, prior to the implementation of these provisions, all current tax rules have to continue to be applied and there is no indication of when the secondary legislation will be available.

Cost Cap Mechanism

28. Every four years, two valuations are carried out for the firefighter pension schemes. The main valuation determines the employer contribution rate and the other is called the 'employer cost cap' valuation which assesses how much it costs to run the scheme. If the costs exceed +/- 2% action needs to be taken. In the 2012 valuation, the cost cap was set at 16.8%.
29. If the scheme is more expensive, benefits may be altered to bring the costs down such as accrual rates being altered, or contribution rates increased. If the scheme is cheaper to run, benefits may be improved such as changes in early retirement factors or a reduction in contribution rates.
30. Following the 2016 valuation, the main valuation costs went up meaning employer contribution rates would rise. However costs went down for the cost cap valuation meaning that benefit improvements were needed. This was not how the cost cap mechanism was designed to work and the Government Actuaries Department described it as a "perverse outcome". They subsequently consulted on ways to improve the mechanism to ensure this is more stable and fair in the future.
31. Following this valuation, changes to benefits should have been implemented from April 2019. However the Government paused the cost cap mechanism due to the ongoing McCloud case, and any potential impact the outcome of the case could have on the cost cap.
32. In July 2020 the cost cap process was unpaused. HM Treasury advised that the costs associated with the increased value of schemes as a result of the McCloud ruling, would be taken into account as they are

'member' costs. Following review of the 2016 valuation, all schemes saw significant breaches, mainly due to legacy scheme benefits and projections for the McCloud remedy costs.

33. In December 2021, a number of unions including the FBU issued formal proceedings for a judicial review. Unions have made it clear that they do not think costs for remedy should be passed to members and that the benefits improvements that would have applied following the initial 2016 valuation should stand. This is currently ongoing.

Pension Dashboard Programme

34. The Department for Work and Pensions are currently undertaking a project to create pension dashboards which will allow anyone with a pension scheme to view all their pension information in one place, alongside information about their State Pension.
35. Statistics show that on average people have 11 different pension pots by the time they reach retirement age. The dashboards will help people get a consolidated picture of their pension savings and allow them to make more informed financial decisions. It will also encourage people to save for their retirement.
36. Whilst the concept of pension dashboards is widely viewed as a positive step, there will be a number of challenges for public sector pension administrators in providing the data in the necessary format and within the timescales proposed in the draft legislation.
37. Due to the McCloud remedy, projections of member's benefits will be more complex to report as they will have two options of benefits. It's unlikely that the dashboard will allow for this. Therefore members may benefit more from using the XPS self-service facility rather than the pension dashboard. This calls into question what the take up of the pension dashboards will be for those with public sector pensions.
38. The proposed go live for public sector defined benefit schemes is April 2024. However due to the fact administrators are likely to be in the middle of the retrospective McCloud remedy exercise at this time, these timescales may be difficult to achieve.
39. There is the added challenge that we currently only provide data to XPS on an annual basis, therefore any information provided to the dashboard will not be real-time. However, XPS are exploring the potential to provide FRAs with the facility to report on a monthly basis in the future.
40. In January 2022, the Department for Work and Pensions published a consultation seeking views on a range of policy questions relating to the creation of the dashboards. The LGA and Scheme Advisory Board will be responding to this consultation to advise that April 2025 may be

a more realistic date for public service pension schemes to work towards.

XPS Business Continuity

41. In light of the pandemic and ongoing fears around cyber attacks, XPS have provided an update on their business continuity plans to provide assurance that the necessary processes and tests are in place to protect member's data and maintain business critical functions in the event of a major operational disruption (Appendix D).

General Updates

42. The LGA issued two surveys in February 2022. The first sought feedback on what the current position is in each FRA in respect of how they're processing immediate detriment cases. This information will aid the LGA to better understand the current landscape, and will help in their discussions with other parties to identify any necessary solutions. The second is an administrator self-assessment survey which has been sent directly to administrators with a closing date of 18 March 2022.
43. Public service pensions will be increased by 3.1% from 11 April 2022. CARE scheme pensions will be revalued by 4.1% on 1 April 2022.
44. Employee and employer contribution rates will remain the same for the 2022-23 financial year. Any changes to the employer rate as a result of recent valuations will be implemented from 1 April 2024.

**CONTACT: DONNA LINTON, CLEMONDS HEY, WINSFORD
TEL: [01606] 868804**

BACKGROUND PAPERS: NONE

Appendix A

Pensioner and Deferred Members

Scheme	Deferred	Pensioner	Widow	Dependant
1992 Scheme	58	715	109	3
2006 Scheme	224	44	3	0
2015 Scheme	203	9	2	0
Total	485	768	114	3

Active Members

Scheme	Actives	
1992 Scheme – Protected	8	1.28%
1992 Scheme – Taper Protected	1	0.17%
2006 Scheme – Protected	5	0.81%
2006 Scheme – Taper Protected	0	0.0%
2006 Modified Scheme – Protected	3	0.48%
2006 Modified Scheme – Taper Protected	0	0.0%
2015 Scheme	603	97.26%
Total	620	

Opted Out Members v Active Members

Scheme	Operational Staff	% of WT	% of total operational employees
Wholetime Active Members	391	95.6%	57.84%
Wholetime Opted Out	18	4.4%	2.66%
		% of On Call	% of total operational employees
On Call Active Members	230	86.14%	34.02%
On Call Opted Out	37	13.86%	5.48%
Total	676		100%

91.86% of operational employees are in a pension scheme. 8.14% are opted out.

Membership by Age and Ethnicity

Membership by Gender and Ethnicity					
	Gender		Ethnicity		
	Female	Male	BME	Not Known	White
Pension Scheme	%	%	%	%	%
1992	0	100	0	0	100.0
2006	0	100	0	0	100.0
Modified	0	100	0	0	100.0
2015	9.62	90.38	2.35	1.51	96.14
Opt Out	9.09	90.91	1.82	9.09	89.09
Total in a scheme	92.06	91.84	93.75	64.29	92.32
Total opted out	9.74	8.16	6.25	35.71	7.68

Membership by Age					
	18-20	21-30	31-40	41-50	51+
	%	%	%	%	%
1992	0.0	0.0	0.0	0.0	100.0
2006	0.0	0.0	0.0	0.0	100.0
Modified	0.0	0.0	0.0	0.0	100.0
2015	0.16	18.90	31.50	37.31	12.13
Opt Out	0.0	10.91	36.36	30.91	21.82
Total in a scheme	100.0	95.00	90.47	93.00	88.24
Total opted out	0.0	5.00	9.53	7.00	11.76



30 December 2021

Dear Cheshire FRS Local Pension Board (by email),

As you will be aware, the Scheme Advisory Board (SAB) has recently published the [research report of the FRA remedy self-assessment survey](#) that was run between May and August to measure Fire and Rescue Authorities' preparedness for implementing remedy for McCloud/ Sargeant (age discrimination) and Matthews (FPS 2006 special members).

The survey received 100 per cent participation from all FRAs in England and the SAB would like to thank you for your submission. You will see that this has led to recommendations being made for both the SAB and other stakeholders.

As outlined in Joanne Livingstone's recent [Chair's message](#), I am pleased to attach a copy of your FRA's individual submission for discussion at your next Local Pension Board meeting. This will allow you to benchmark your responses against the overall results.

The following areas were identified as showing potential for improvement:

- Identifying the cohort of members affected by the Sargeant remedy
- Improving the level of internal pensions knowledge and capacity

Many thanks again for your participation. If you have any feedback on the survey or any other areas of the SAB's work, please email the Board Secretariat at bluelight.pensions@local.gov.uk.

Yours sincerely,

Claire Hey
Senior Pensions Adviser/ Board Secretary

#44

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Monday, August 16, 2021 9:06:09 AM
Last Modified: Monday, August 16, 2021 11:18:30 AM
Time Spent: 02:12:20
IP Address: 82.203.66.198

Page 1: Section 1: Current arrangements

Q1 **Cheshire Fire and Rescue Service**

Fire and Rescue Authority:

Q2 **XPS**

Who is your pension administrator:

Q3 **Third party - Private Sector body**

Is this arrangement:

Q4

Year current admin arrangement started:(Enter 4-digit year e.g. 2005 or don't know)

September 2018

Q5

Year current admin arrangement ends:(Enter 4-digit year e.g. 2005 or don't know)

August 2022

Q6 **Don't know**

Do you plan to tender at the end of your current contract:

Q7 **Respondent skipped this question**

If yes to Q6, please indicate the method of procurement:

Q8 **Centralised administration - voluntary**

Do you have a preference on future admin arrangements for the scheme:

Q9

What position within your FRA oversees delivery of pension administration:

Head of People Services - Joint Police/Fire team

Q10

Who line manages that post-holder:

Assistant Chief Officer

Page 2: Section 2: Data - pay, service, and contributions

Q11

Have you started work to identify data requirements for Sargeant (age discrimination):

Yes,

If yes, what are your key requirements or actions:If no, can you tell us why::

Identifying immediate detriment cases.

Q12

Have you started work to identify data requirements for Matthews (special members). The linked factsheet gives more information about the second options exercise:

No

Q13

Do you expect to need additional resource for implementation for either or both of these projects:

Yes

Q14

What position within your FRA will lead on remedy data for both cases:

Head of People Services

Q15

Which department manages ill-health retirements (IHR) for your FRA:

People Services

Q16

The HMT consultation response indicates that IHR cases may need to be reassessed against the member's opposite scheme under Sargeant remedy. Will relevant teams be sufficiently resourced to revisit IHR cases:

Yes

Q17 **Yes**

Do you have any planned resilience in place to deal with revisiting IHRs:

Page 3: Section 2: Data - pay, service, and contributions

Q18 **Outsourced**

Is your payroll service:

Q19 **Outsourced**

Is your pension payroll service:

Q20 **Yes**

Have you changed payroll provider or payroll system since 2015:

Q21

How many years do your payroll records go back:(Please answer in whole numbers)

10

Q22

Please detail any problems you can foresee obtaining pay data for the following:(N.B. Pay data for Sargeant will date back to 2015, pay data for Matthews could relate to as early as the 1970s)

Sargeant: **Data should be available**

Matthews: **Data may only be available on hard copy files, which may be incomplete**

Q23

For Matthews, eligible individuals will have the opportunity to buy scheme membership back to the start date of their employment. We are interested to know if you will still have access to historic employment records. How many years do your employment records go back:(Please answer in whole numbers)

20

Page 4: Section 2: Data - pay, service, and contributions

Q24

Which department currently manages business as usual (BAU) contribution deductions:

XPS

Q25

Which department will manage your remedy contribution adjustment process:

XPS

Q26

Yes

Will you be able to obtain/ calculate backdated contribution data:

Q27

Don't know yet

Do you expect to apply different solutions for different types of member e.g. active, deferred, pensioner:

Q28

Which department will manage adjustments to tax relief (PAYE):

XPS / in house payroll team

Q29

The HMT consultation response indicates that interest will be due on amounts paid to and from the schemes. Which department will manage the interest process:

XPS / in house payroll team

Q30

Respondent skipped this question

Please detail any issues you think might occur with adjustments of contributions:

Page 5: Section 3: Processes and impact

Q31

Yes

Are you confident that existing tax processes are robust enough to perform annual allowance recalculations for up to 7 years of remedy:

Q32

Administrator

Who undertakes Event Reporting to HMRC on scheme pays and unauthorised payments:

Q33

Yes

Does your FRA have a voluntary scheme pays (VSP) policy in place:

Page 6: Section 3: Processes and impact

Q34 **Yes**

Do you have a nominated finance lead on pensions:

Q35 **Yes**

Do you expect to need additional resource to deal with financial adjustments and impact on BAU:

Q36 **No**

Do you have an allocated budget for direct and indirect remedy costs:

Page 7: Section 3: Processes and impact

Q37 **Yes**

Do you have a nominated legal lead on pension matters:

Q38 **Yes**

If yes to Q37, is that person your "nominated contact" for the proceedings in Sargeant that are managed collectively by the LGA:

Page 8: Section 3: Processes and impact

Q39

Who leads on workforce planning and retention for your FRA:

Dedicated Group Manager & HR Business Partner

Q40 **Yes**

Is the potential impact of Sargeant remedy being modelled into plans:

Q41 **No**

Are you able to identify the cohort of members affected by Sargeant remedy:

Page 9: Section 4: Information, communication, and coordination

<p>Q42</p> <p>Following the confirmation of deferred choice underpin (DCU) in Sargeant, please indicate what information you would like members to have access to (tick as many as apply): Please note this is not a menu or guarantee of delivery. It will allow us to understand individual FRA preferences but does not guarantee delivery of any of the options.</p>	<p>Scenarios for all member cohorts across the schemes</p> <p>,</p> <p>Online tool directly linked to scheme membership data</p> <p>,</p> <p>Remedy figures for members within X years of retirement</p>
<p>Q43</p> <p>Are you currently providing information to individual members:</p>	<p>No</p>
<p>Q44</p> <p>Who do you think should provide information such as FAQs at key points in the remedy process:</p>	<p>LGA</p>
<p>Q45</p> <p>Who do you think should be the main contact for individual member enquiries:</p>	<p>FRA</p>
<p>Q46</p> <p>Who do you think should provide information to the workforce on timescales, next steps etc:</p>	<p>LGA</p>
<p>Q47</p> <p>On a scale of 1 to 10 (1 being the lowest), please indicate how well you feel your FRA communicated the first special members options exercise in 2014/2015:</p>	<p>8</p>
<p>☆</p> <p>Q48</p> <p>Do you feel that communication was reflected in the numbers of individuals choosing to become a special member:</p>	<p>Yes</p>
<p>Q49</p> <p>Please detail any suggestions for improvement for communicating the second options exercise:</p>	<p>Respondent skipped this question</p>
<p>Q50</p> <p>How best would implementation of remedy be coordinated across FRAs in England:</p>	<p>Regional collaboration</p>

Q51 **Yes**

Does your FRA have a remedy project team:

Q52 **Yes**

If yes to Q51, does this include your administrator:

Page 10: Section 5: Knowledge, capability, and capacity

Q53

On a scale of 1 to 10 (1 being the lowest), please indicate the level of internal pensions knowledge and capacity within your FRA:

☆ **3**

Q54 **Establishing new roles/ teams,**

What measures are you considering to address any shortfall in capacity (tick all that apply): **Accessing training for staff**

Q55 **Yes**

Has remedy implementation been identified as a risk on your corporate risk register:

Q56 **Yes**

If yes to Q55, has this been reported to your Local Pension Board:

Q57 **LGA on behalf of FRAs**

Who do you feel is best placed to lead on policy engagement with central government on the legislation needed to bring in age discrimination remedy:

Q58 **FRA as scheme manager**

Who do you feel is best placed to lead on direct service wide communication or provision of content for communication:

Q59 **LGA on behalf of FRAs**

Who do you feel is best placed to lead on engagement with pension administrators on implementation:

Q60

On a scale of 1 to 10 (1 being the lowest), how useful has this survey been to identify gaps in your planning:

☆

4



XPS Pensions Group Business Continuity Summary

Business Continuity Management (BCM) is fundamental to the risk management strategy of XPS Pensions Group. The Board recognises that the risk of a serious unplanned interruption needs to be addressed to ensure that we can comply with our regulatory requirements and maintain the level of service our clients require. BCM is managed centrally, with the Group Board, supported by the Audit and Risk Committee and the Risk Management Committee, responsible for ensuring that an effective business continuity framework is in place and maintained.

Our BCM programme is aligned to ISO22301 and the Business Continuity Institute's Good Practice Guidelines. The primary objective is for all business-critical functions and processes to be prioritised and recovered within predetermined timeframes in the event of a major operational disruption. In the event of a disaster the Group will have the capabilities to restore all critical client facing operations within 4 hours, and otherwise within 24 hours. To do this we have introduced resilience strategies, recovery objectives, business recovery plans and incident management tools.

IT Disaster Recovery is the responsibility of the IT Director. Our IT infrastructure includes hosted tier 3 data centres (DC's) across which key systems are replicated providing day-to-day operational resilience and defence against a single DC failure as systems can be brought up at the alternate DC.

We are currently working to decommission our secondary data centre which has previously provided part of our Disaster Recovery capability. Our primary systems will continue to be hosted in London, but our Disaster Recovery capability will be provided as a service by Databarracks, which is a leading provider in this field. Disaster Recovery is fundamental to our risk management strategy, and the use of an external provider improves our capability. We expect the migration to Databarracks to be completed by the end of Q1 2022, and the data centre decommissioned in Spring 2022.

When an incident impacts the Group, the Group Incident Management Team is invoked to provide strategic direction to Tactical Recovery Team(s) within the affected businesses areas whilst implementing their Business Recovery Plans. This approach ensures strategic, prioritised recovery of critical processes, clear communication throughout the business, to our clients and stakeholders and consolidation of the resources required for recovery.

Our Business Continuity Policy requires each business within the Group to maintain up to date Business Recovery Plans (BRP) that will allow them to perform critical processes, including key client services if affected by a business interruption incident.

The centralised BCM framework requires plans to be reviewed and tested, and where applicable updated, on an annual basis. Business Recovery Plans are tested twice annually, once focusing on IT Disaster Recovery Elements and once focusing on business operations. Using this approach, the data being maintained in the plans is always tested in relation to the viable IT environment. Additionally, staff rapid notification tests are carried out at least annually. If any office is inaccessible for more than half a day, our displacement strategy ensures that critical functions can continue to be supported from predesignated alternative sites or via home working.

In response to the Covid-19 pandemic, we are currently trialling a new flexible working model (My XPS My Choice) to allow staff to work flexibly, from home, their preferred office or a combination of both. All staff have been issued with corporate equipment to enable them to do so. As we have been in a live business continuity scenario since March 2020, we have not carried out a full work displacement testing during this period. We have recently conducted business continuity testing of our critical functions using displacement plans to determine the effectiveness of these plans. Full business continuity testing will be carried out upon completion of the My XPS My Choice trial.

During 2021 we also carried out planned tests of our IT DR capability, successfully restoring our Alfresco EDM system as part of systems failover testing. Further DR testing will be completed early 2022 as part of our move across to Databarracks.

Business Continuity capabilities are also included in our third-party selection and ongoing monitoring processes. We continue to identify alternative suppliers for critical services to ensure that supply chain issues do not impact our ability to provide services to our clients.

For further information please contact Adrian Davison, Group Head of Risk
Email: Adrian.Davison@xpsgroup.com Tel: 020 3675 2759

Fire Risk Scoring Matrix

Probability/ Likelihood	VH = 5	5	10	15	20	25
	H = 4	4	8	12	16	20
	M = 3	3	6	9	12	15
	L = 2	2	4	6	8	10
	VL = 1	1	2	3	4	5
		VL = 1	L = 2	M = 3	H = 4	VH = 5
	Impact					

Risk Priority

15-25	High	Significant Action Plan required
9 – 14	Medium	Action Plan required
1 – 8	Low	Risk can be tolerated

Joint Risk Scoring Guidance

IMPACT							
Impact Score	Service	Performance	Finance	Reputation	Legal	Safety	Human Rights/ Diversity
5 = Major	Major impact/disruption to critical services. Inability to deliver a number of organisational objectives.	Significant performance impact. Not achieving more than one of the organisation's performance targets	Fire – over £1m	Sustained national media coverage. External Enquiry. Removal of command team member.	Prosecution. Major claims/fines against both organisations	Multiple fatalities or multiple permanent injuries	Unjustified impact or interference.
4 = Serious	Serious impact/disruption on critical services with a noticeable impact on local communities.	Large impact on performance resulting in not achieving one of the organisation's performance targets	Fire - over £500k	Sustained adverse media coverage	Serious claims/fines against both organisations	Single fatality or severe injuries	Serious unjustified impacts or interference.
3 = Moderate	Noticeable impact on non-critical services or short term disruption.	Impact on performance resulting in difficulty achieving performance targets but where corrective action can still be taken	Fire – over £250,000	Some local adverse publicity	Significant litigation/claims. Within insurance cover.	Major injury	Some limited unjustified impact or interference.
2 = Low	Minor disruption to Service Delivery	Small impact on performance targets but can still be managed.	Fire – over £100K	Short term customer dissatisfaction	Minor claims/complaints within insurance cover	Minor or slight injury	Impact of interference manageable with existing resources
1 = Negligible	No noticeable disruption to service. Impact is easily manageable	Minimal/short term impact on performance, not to the extent where key targets are impacted.	Fire – below £5K	Manageable customer dissatisfaction	Unlikely to lead to litigation or a claim.	Unlikely to have any safety impact.	No impact on diversity/human rights

Probability Score	Detailed Description	% Chance	Relative	Frequency
5 = Very Likely	Has regularly occurred with the organisation or there are strong indications that the risk will happen in the future.	80% or more	Certain that it will happen	yearly
4 = Likely	Has previously occurred or there is a strong probability that it will happen in next 12 months within the organisation.	50% - 80%	Highly likely to occur	Every 1 to 2 years
3 = Moderate	Some indication that the risk will happen in the short to medium term.	20% - 50%	More likely not to happen than happen	Every 2 – 5 years
2 = Unlikely	Limited indication at this stage that the risk will happen.	5% - 20%	Unlikely to happen but possible	Every 5 to 20 years
1 = Remote	No indication that the risk will happen. Expected to be a rare occurrence	0% - 5%	Extremely unlikely	Every 20 years or more

Firefighter Pension Scheme Risk Register

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments
Operational disaster (i.e. flood/fire)	1	3	3	↔	All records are stored electronically. Data is backed up regularly and server providers also have business continuity procedures in place.	Pension Provider	Annual review	Business continuity and safety/security of records is part of contract agreements
				↔	The majority of pension documents are electronic and all personnel files have been scanned. Data is regularly backed up, can be accessed from anywhere on the network and server providers also have business continuity procedures in place. Business Continuity plan to be reviewed on a bi-annual basis.	Head of People Services and HR Business Support Supervisor	Ongoing	Business continuity and safety/security of records is part of data storage contract agreements.
				↔	Contracts with pension provider are stored electronically and hard copy stored in Legal Dept.	Pension Scheme Manager / Pensions Manager	In line with contract dates	
Member data incomplete or inaccurate	2	3	6	↔	Direct access of members to data and information via online portal. Annual reconciliation of member data to ensure accuracy and identify and resolve any gaps in conjunction with XPS	Pension Coordinator / Pension Provider	Annual	Currently, checks are completed in preparation for annual returns. Direct access for retirees to online portal now available

				↔	Annual data check of common data and any addresses found to be incorrect are investigated using a tracing agency where required	Pension Provider / HR Business Support Supervisor	Annual	
				↔	Robust payroll processes in place to ensure accuracy of data sent to pension provider	Head of People Services	Review Annually	
Administration Failure / Maladministration	2	3	6	↔	Formal agreement in place with pension provider including SLAs. Opportunity to raise issues through attendance at quarterly regional pension provider meetings	Scheme Manager/ Pensions Manager / Pension Provider	Quarterly	Receive quarterly reports from the provider's performance management system outlining where SLAs have been met / breached. Provider presents report to the Pension Board at each meeting.
				↔	Authority Levels and signatory lists clearly documented and up to date	Pensions Manager / Pension Provider	When there is a change in staff or policy	
				↔	Review Pension Providers audit reports	Scheme Manager/ Pensions Manager / Head of People Services	Annually	

				↔	Close management of administration contract	Scheme Manager/Pensions Manager	Quarterly	Quarterly contract meetings with provider and review at Pension Board.
				↔	Robust internal controls in place for both the pension provider and CFRS including: <ul style="list-style-type: none"> - Pre-checks to take place by Pension Provider and the Pensions Co-ordinator/Pensions Manager prior to final authorisation by the senior team member (for all calculations) - Provider to have documented controls for all calculations and payments - CFRS to check agreement with all calculations for pension and lump sums and approve payment. 	Pensions Co-ordinator / Pension Provider / Pensions Manager	Ongoing	
				↔	Provider has a training programme in place for their staff, including Fire specific pension scheme rules	Provider	Ongoing	
				↔	Transparent and open monitoring process to ensure lessons are learned from any errors made.	Scheme Manager / Pension Provider	Ongoing	Monitored through quarterly contract meetings and at Pension Board
				↔	Ensure resilience in Pension Provider teams to mitigate the impact of loss of key staff/knowledge of Fire Pension Schemes	Pension Provider	Ongoing	Following retirement of key staff in XPS have promoted staff with prior experience and knowledge of fire pensions.

Data Forecasts and Calculations	3	3	9	↔	Robust business process in place to ensure the Administrator are provided with accurate pensionable pay and service information to enable accurate forecasts to be produced for members	Pensions Manager/ Pensions Coordinator	Annually	
				↔	Administrator to make available suitable forms and guidance to enable clear instructions to be provided by employer	Provider	Ongoing	
McCloud/Sargeant Lack of resources to complete any remedy actions	4	5	20	↔	<ul style="list-style-type: none"> - Ensure additional budget is available for the additional internal resources that will be needed to complete any remedy actions including additional budget which may be required to pay for tasks which may need to be completed by payroll/pension providers on top of the current contract SLAs. - Consider state of data in advance of remedy process being confirmed. 	Scheme Manager / HR Manager / Finance Manager	Ongoing	Additional resources have been obtained, but the full extent of the work involved remains unclear until the remedy hearing takes place. A hearing date is yet to be set.
Cyber Security	1	4	4	↔	<ul style="list-style-type: none"> - Both Cheshire Fire and Rescue Service and the pension administrator have access to specialist skills and knowledge to assess and manage the risk of cyber security incidents - All systems are subject to regular back ups to ensure critical data is not lost - Robust IT policies on password, access and acceptable use along 	Head of IT/ Pension Provider	Annually	Pension administrator has provided an overview of cyber security policies.

					<p>with limited access to certain websites to reduce the risk of malware attacks</p> <ul style="list-style-type: none"> - Documented business continuity plans where security is breached. - Both CFRS and the pension administrator to have: <ul style="list-style-type: none"> - robust system controls in place such as firewalls, anti-virus and anti-malware as well as a regular schedule of software updates. - Access to systems and data is limited to authorised personnel only 			
Loss of experienced/ knowledgeable staff	2	4	8	↓	<ul style="list-style-type: none"> - Ensure role holder has the appropriate skills, experience and qualifications - Ensure full induction and training is given to new starter to ensure they receive the necessary grounding in Firefighter Pensions - Provide access to LGA training and LGA conferences to build knowledge - Ensure ongoing support plan is in place to assist new starter to complete pension board and FPS bulletin actions - Provide necessary training and introduction to XPS to enable role holder to manage contract going forwards 	Head of People Services	Ongoing	2 New Posts have been established and recruited into: New Pensions Manager post – permanent position dedicated to Fire to be taken up by previous postholder. Already skilled and knowledgeable. Expected in post October. Temporary 6 months Pensions Support Officer.

<p>Failure to migrate data from standalone system to supported IT platform</p> <p>Historic HR data needed for pension purposes currently held on standalone system that is no longer supported by the service's IT platform. The system is old and in the event of a system failure data will be lost.</p>	3	5	15		<ul style="list-style-type: none"> - Project initiated to migrate data from legacy HR system (PP) to a new solution which will ensure continued access to data which is commonly needed for historic pension queries and remedy actions for court/ET cases such as McCloud and Matthews. - Project will ensure that all data is migrated and that any complex data can be stored in an easily accessible format. 	Head of People Services / Pensions Manager	Ongoing	<p>Loss of data will make it difficult to comply with pension regulations, inaccurate calculation of pensions, GDPR concerns and is likely to result in complaints and financial penalties.</p> <p>Engaged with a company with expertise in FoxPro database architecture to extract data. Work commences in March 2022.</p>
<p>Matthews/O'Brien remedy</p> <p>Lack of resources/data to complete remedy action</p>	4	5	20		<ul style="list-style-type: none"> - Additional funding has been secured for a temporary pension resource. Once more is known about the timescales for this remedy, a plan will be put in place for recruitment to this position 			<p>Remedy work will be required following the outcome of the O'Brien v MoJ case (Judiciary pensions). Scope not yet known and negotiations are still ongoing</p>

Risk Area – FINANCIAL	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments
Excessive charges by provider	2	2	4	↔	<p>Contracts are governed by OJEU rules and are often limited to 2 years with the option to extend, meaning providers are regularly reviewed.</p> <p>Contract prices and any adhoc scenarios where additional charges may be incurred are laid out in the contract terms.</p>	Scheme Manager	Term of the Contract	It is always possible that changes to pension regs or tax regs will incur additional work for the provider or require software to be reconfigured, resulting in unforeseen costs for the FRA i.e. GMP reconciliation and McCloud/Sargeant.
Fraud / Fraudulent behaviour	1	4	4	↔	<p>Only pension forms from authorised signatories will be accepted by the pension provider</p> <p>Pension Provider staff have documented processes and both internal and external audit procedures.</p>	Authorised Signatories/ Provider	Ongoing	
Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner	2	3	6	↔	<ul style="list-style-type: none"> - Pension provider have a technical team with specialist knowledge of the regulations and tax rules - Pension provider produce employer bulletins outlining tax rules for employers - Employer subscribes to knowledge hub and receives LGA/Home Office bulletins and circulars - Regular updates from the Scheme Advisory Board - Employer subscribes to HMRC pension tax updates 	Scheme Manager / Provider	Ongoing	No costs incurred to date.

					- Access professional tax advice when necessary			
McCloud v Sargeant Possible back claims from members negatively impacted by this case	5	5	25	↔	- Finance team to ensure reserves are in place	Scheme Manager / Provider Head of Finance	Ongoing	Remedy not yet fully known. Treasury likely to cover some costs, but these are likely to involve: - back payment of employer contributions or increase in future employer contribution rate - compensation and interest payments - additional resource to co-ordinate the remedy process. - Additional charges from the pension administrator to recalculate historic pension payments and reconfigure software

Risk Area – FUNDING	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments
Failure to deduct correct contributions from pay	2	2	4	↔	<ul style="list-style-type: none"> - Monthly reconciliation of pay changes to ensure any pension related changes are applied correctly - Clear policy on application of pensionable pay rules - Bi-annual contribution band checks are completed in April when bandings change and July when pay award is applied - Automate payroll processes where possible. Where not possible, robust process should be in place for any manual workarounds 	<p>Head of People Services</p> <p>Head of People Services</p>	Monthly Bi-Annually and Annually	Process for APBs in 1992/2006 scheme and pensionable pay adjustments for temp promotions in the 2015 scheme are manual.
Failure of employer to pay contributions to the scheme	1	3	3	↔	Pension deductions are accounted for by the FRA and therefore contributions are deducted directly from employee pay and accounted for in the pension fund account.	Finance / Treasurer	Monthly	Monthly checks are conducted on this by the Finance team.
Failure to manage FPS fund correctly i.e. injury pension accounting	1	3	3	↔	<ul style="list-style-type: none"> - Follow guidance provided by Fire Finance network and Home Office circulars - Training and guidance available for finance team on tax and accounting 	Finance / Treasurer	Ongoing	

					<p>matters through LGA, CIPFA and PSTAX.</p> <ul style="list-style-type: none"> - Attend Fire Finance Network meetings for guidance from colleagues in other Services. - Process in place to ensure fund is compensated in cases where abatement is not applied to the member 			
McCloud v Sargeant Ruling leading to increased costs to the pension fund	5	5	25	↔	<ul style="list-style-type: none"> - Ensure the outcome of this ruling is factored in to any pension fund budgeting/accounting and contingency planning is considered. 	Finance / Treasurer	TBC	This is likely to impact employer contributions in the future

Risk Area – REGULATORY AND COMPLIANCE	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments
Failure to interpret rules or legislation correctly	2	4	8	↔	<ul style="list-style-type: none"> - Utilise central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion - Subscribe to the LGA Knowledge hub to get regular updates and liaise with other FRAs - Access professional advice where required 	Scheme Manager/ HR Business Support Supervisor/ Pension Board Members/ Pensions Manager	Review as new legislation comes into Force	

					<ul style="list-style-type: none"> - Utilise LGA/Home office bulletins and circulars - Utilise knowledge and expertise of the Pension Provider technical team - Annual training for pension board and members of the pension team - Attendance at FPS AGM - Clear documented process for decision making outlining process to be followed and the responsible parties 			
Failure to comply with disclosure requirements or communicate with staff	3	4	12	↔	<ul style="list-style-type: none"> - Annual Benefit Statements (ABS) provided to all active scheme members in August each year - Annual Benefit Statements provided to all deferred members on an annual basis - Annual check to ensure all members have received an ABS - Spot check an ABS for each pension scheme to ensure accuracy of figures - Business processes in place to ensure the relevant legal statements are issued to any staff who are contractually or auto-enrolled. - Business process in place to communicate with members whose contribution banding changes. - Dedicated Intranet page for pension related matters which includes forms, details about the scheme 	<p>Provider</p> <p>Provider</p> <p>HR Business Supp Supvr Provider</p> <p>Head of People Services</p> <p>Pensions Manager</p>	<p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Ongoing</p>	<p>Training to be requested and provided by the pension provider for new members of CFRS pension team.</p>

					<p>rules, employee guides and information about pension tax.</p> <ul style="list-style-type: none"> - Any news relating to changes to pension or pension tax is communicated in the Green Bulletin or where the change impacts all staff (i.e. end of contracting out), letters will be sent to all staff 	Pensions Manager	Ongoing	
Failure to offer Split Pensions to all eligible staff at point of retirement.	2	2	4	↔	<ul style="list-style-type: none"> - Several occurrences identified following audit exercise in 2019/20 - Business process reviewed and changes made to documentation to ensure future cases are easily identifiable. - All retirees in scope contacted by XPS outlining options for remedy. - Pensions now reinstated with payment of arrears and settlement of sanction charges. 	Provider/ Scheme Manager/ Pensions Manager	Ongoing	No further issues or complaints regarding split pensions.

McCloud – Corporate Risks

McCloud	Likelihood	Impact	Score	Risk Impact	Control	Owner	Risk Progress
<p>Failure to remove discrimination in the workplace</p> <p>Until the remedy and new pensions regulations are in place, (expected</p>	4	4	16	<p>Litigation and Financial Claims of loss and injury to feelings.</p> <p>Cost associated with the resources required to engage in legal proceedings.</p>	<p>Regular dialogue and communication with staff and rep bodies.</p> <p>Dedicated hub on the intranet for all updates.</p> <p>Engagement in bi-monthly national pension updates</p>	Scheme Manager / Pensions Manager	Review as new legislation comes into Force

<p>October 2023) the Service is at risk of continuing to enable discrimination by not offering payment under immediate detriment and legacy schemes</p>				<p>Employee dis-engagement / Employee relations issues</p> <p>Reputational damage</p>	<p>IDRP process available to staff</p> <p>Legal Services involvement</p>		
<p>Failure to implement MOU to address immediate detriment</p> <p>In December the HO and Treasury withdrew immediate detriment guidance and advised schemes not to process ID cases prior to legislation. CFRS has paused payment of ID cases. Risks are ongoing in relation to the interpretation of the MOU and unknown tax consequences.</p>	4	4	16	<p>Pausing payments under immediate detriment results in further discrimination and uncertainty for scheme members.</p> <p>Risk of incurring costs as the govt will not pay anything that is deemed to be outside of legitimate pension expenditure. It is currently unclear as to what constitutes legitimate pension expenditure.</p> <p>If we continue to pay ID cases, members may be subject to unforeseen tax bills in the future and their</p>	<p>Payment of pensions under current pension scheme arrangement. Regular updates to staff and FBU.</p> <p>LGA engagement with Barnett Waddingham to help produce communications for Firefighter Pension Scheme members about the McCloud remedy.</p> <p>Ongoing work to assess potential costs to aid with decision making</p> <p>Legal Services involvement and legal advise through the LGA and Bevan Brittan</p>		

				cases may have to be recalculated multiple times, meaning additional work for internal resources and potential additional charges from the pension provider as a result.			
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