

Fire Local Pension Board

Monitoring Report for the Period from November 2024 to January 2025

1. EXECUTIVE SUMMARY

This report advises Cumbria Fire Local Pension Board members of any material risk management, policy or governance issues and national regulatory changes and any performance monitoring issues of the scheme to January 2025.

Cumbria Fire and Rescue Service's vision is to be "A community focused, professional and trusted Fire and Rescue Service that makes Cumbria a safer place for all".

Good governance and risk management will aid the Cumbria Commissioner Fire and Rescue Authority (CCFRA) in their role as Scheme Manager in ensuring its regulatory responsibilities are met, a good service is provided to scheme members and costs are controlled. Effective cost control will have a direct impact on revenue budgets.

Administration of the scheme has been outsourced to Local Pension Partnership Administration (LPPA) through a delegation agreement with Lancashire County Council.

An Administration, Management and Governance Strategy has been developed for the Cumbria Fire Pension Schemes to assist the Scheme Manager in the exercise of their responsibilities. These documents, formalise standards and expectations of CCFRA **and the Pension Administrator (LPPA)**.

KEY POINTS TO NOTE

1.1. Risk Management:

There are no downward trend movements on risk, and issues around Annual Benefit Statements (ABS), and member communications have resulted in two upward trends. Data quality remains a red risk and this has impacts on providing members with accurate information. This is covered in Section 4 – Risks.



1.2. Pensions Administration:

Members have received Annual Benefit Statement Remediable Service Statement (ABS-RSS), however an issue in relation to notification to members is being reviewed. This is covered in Section 4.1 – Administration Performance.

1.3. Other

A consultation has been released by the Home Office in relation to amending the legislation around “Matthews”. This will extend the deadline by 12 months from 31 March 2025 to 31 March 2026 and making payments to surviving partners. This is covered in 7.2 – Consultations.

2. STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

There are no direct equality implications arising out of the recommendations in this report.

3. RECOMMENDATION

It is recommended that the Cumbria Fire Local Pension Board receive and note the performance of the Cumbria Firefighters’ Pension Scheme (FPS) and any material policy or governance issues and national regulatory changes.

4. RISK

The Board follows accepted best practice across public sector pension schemes in considering any new risks and reviewing previously identified scheme risks at each board meeting as part of the standard agenda.

The risks are recorded on a risk register and scored based on likelihood and impact. Red, Amber, Green (RAG) status reporting is used to categorise risk levels.

The risk register as of January 2025 is attached as Appendix 1, with a summary of the risks shown in the below table. The risk register has been reviewed and updated where necessary to reflect developments since the previous board meeting held in November.

Risk Category	Number of Risks
Red	2
Amber	3
Green	8
Total	13

The identified “red” risks on the January risk register are:

- 1.4 - Data Quality. Issues remain around data quality, and this has led to delays in pensions being put into payment and queries around pension saving statements.
- 2.2 – Key Personnel and Training. The risk rating is primarily driven by local government reorganisation (LGR) and the impacts on staffing.

The following risks have an upward trend from November 2024 to January 2025:

- 1.13 – Scheme member communication. This risk has been increased to take into account the review being undertaken to understand how members received notification that ABS-PSS had been uploaded to their pension portal.
- 1.6 – Sargeant Judgment – This risk has been increased to take into account that Immediate Choice – Remediable Service Statements (IC-RSS) are unlikely to be made available prior to the statutory deadline of 31 March 2025.

SCHEME MONITORING

4.1. Administrator Performance

Administration of the scheme has been outsourced to Local Pension Partnership Administration (LPPA) through a delegation agreement with Lancashire County Council.

A representative from LPPA attends the quarterly board meeting to provide the board with verbal updates and to take questions from the Board.

Additionally, LPPA provide a “Quarterly Administration Report” that provides details on, for example:

- Total Fund Membership,
- Casework Performance,
- Contact Centre Performance, and
- Common/Scheme Specific Data

To allow members to perform effective governance and oversight of the scheme administration these reports are shared with the board.

The quarter 2 report for the period July 2024 to September 2024 is attached as Appendix 2.

The quarter 3 report for the period October 2024 to December 2024 will be provided separately, but in advance of 6 February 2025.

Overall operational casework performance continues to trend above the overall Service Level Agreement target (SLA) of 95% at 95.3%. However, the following are beneath the 95% target for their respective SLA in Q2;

- Retirements – Deferred: 80%
- Retirements – Active: 66.7%
- Refunds – 50%

Helpdesk performance for average call wait time and number of accepted calls for Q2 the average wait time for Cumbria Fire members was 3 minutes and 6 seconds. However, in July and August wait times for 2.5% and 3.3% of calls answered exceeded 15 minutes.

Annual Benefit Statement – Remediable Service Statements (ABS-RSS) have been produced. However, this was after 31 August 2024. CFRS are currently reviewing, and working with LPPA, regarding the notification members received to advise that their ABS-RSS was available. This is important due to the 12-week window that Firefighter Pension Scheme 1992 (FPS1992) have to make contribution payments if they wish.

Affected members have received their Remediable Pension Saving Statements (R-PSS) and Pension Saving Statement for 2023/24 (PSS). Informal assistance was provided to members affected regarding completing the HMRC online calculator for R-PSS. CFRS have identified potential issues with 22/23 and 23/24 calculations, and review is being conducted.

4.2. Data

LPPA also provide the “data scoring” for CFRS FPS data as part of the quarterly returns.

The Pensions Regulator (TPR) requires schemes to measure and report the quality of both common and scheme-specific data annually.

In addition to the regulator requirement, accurate data helps in identifying and mitigating risks associated with incorrect member records. High-quality data ensures smooth administration and accurate benefit calculations.

Data is split into two categories; Common and Scheme Specific. The table below details the difference between the two types.

Data Type	Definition	Examples	Purpose
Common Data	Basic data items essential for all pension schemes.	Member's name, date of birth, National Insurance number, gender, address.	Ensures fundamental information about each member is accurate and up-to-date.
Scheme-Specific Data	Data items unique to a particular pension scheme.	Member's contributions, pensionable salary, service history, benefit entitlements.	Ensures specific details relevant to the scheme's operation and benefits are accurate.

LPPA in Q2 reported the following data scores:

Month	Common (95%)	Scheme Specific (90%)
Jul-24	97.9%	80.2%
Aug-24	97.4%	55.9%
Sep-24	97.5%	56.4%

The scheme specific data is below 90% for the period. Whilst this is likely due to "remedy" data being uploaded into the system, LPPA will be asked to provide a reason.

It is important to note that data scoring scores do not necessarily mean that the data is accurate.

Data scores assess the quality of data based on criteria such as completeness, consistency, and format. High scores indicate that data meets these criteria, but they do not guarantee that the data is correct or up to date.

Data Accuracy refers to the extent to which data correctly represents the real-world entities or events it is supposed to describe. Accurate data is essential for making reliable decisions and ensuring compliance.

To meet the requirements set by the Pensions Dashboards Regulations 2022, schemes must ensure their data is not only complete and consistent but also accurate and current.²

TPR emphasises the importance of robust data improvement plans in relation to pension dashboards. According to TPR, schemes should:

- Keep a record of data reviews carried out and the findings.
- Identify errors and gaps in the data.
- Implement a data improvement plan to address these issues, ensuring the plan includes clear actions and timelines.

This approach is crucial for meeting the requirements of the Pensions Dashboards Regulations 2022, which mandate that schemes provide accurate and up-to-date data to ensure the effectiveness of the dashboards.

4.3. Legal breaches recorded / reported during the quarter

At the 4 November 2024 board meeting, a verbal update confirmed that the breach regarding the missed 31 August ABS deadline had been reported to TPR on 30 October 2024.

4.4. Scheme Discretions

There have been no discretions exercised during this quarter.

4.5. IDRP

Stage 2 (Internal Dispute Resolution Procedure) IDRP application was adjudicated on 5 December 2024 and this resulted in the members complaint being upheld. Details are provided under Part II papers.

4.6. Returns

During the reporting Period the following returns have been completed:

TPR annual returns were submitted prior to the November 2024.

A TPR “Pensions Dashboards readiness” survey was submitted on 19 November 2024.

A data request for the 2024 valuation of the Firefighters Pension Scheme issued by GAD was submitted on behalf on CFRS by LPPA on 28 November 2024.

The Scheme Advisory Board (SAB) Levy 2024-25 request for a purchase order number was submitted on 12 December 2024.

REGULATORY CHANGES

This section of the monitoring report provides a summary for members on recent and proposed future changes to legislation which may impact on the Scheme.

4.7. Remedies - Sargeant / McCloud Age Discrimination

On the 1 October 2023 all members eligible under the 2015 age discrimination remedy, were 'rolled back' to their legacy scheme, either the 1992 or 2006 Scheme. LPPA will be calculating the benefits for all members who have been affected by the 2015 Remedy. This includes converting CARE membership to final salary, calculating adjustments to the pension contributions and tax relief as well as any interest due.

Active members have been provided with the ABS-RSS. CFRS and LPPA are looking at an issue in relation to members being adequately notified that ABS-RSS had been uploaded to pension point. This has impact on members who wish to pay back contributions, but only have 12 weeks from the date the ABS-RSS was provided.

For members to understand their ABS-RSS, CFRS are in the process of carrying out training presentations on ABS-RSS.

Members have been provided with a pension saving statement for 2023/24 and a remediable pension saving statement for 2015/16 to 2022/23.

On 23 January 2025, LPPA informed CFRS that it was unlikely that the "bulk" of the 138 members requiring would Immediate Choice – Remediable Service Statement (IC-RSS), citing issues such as "repeated delays in clear guidance" that has led to "repeated delays in the delivery of system functionality. LPPA will be providing an update to Local Government Association (LGA) and National Fire Chiefs Council (NFCC).

On 23 January 2025, LGA wrote to Scheme Managers and Internal Pension Officers that the Home Office had supported a recommendation to "pause" the processing of contingent decisions. In part due to the complexities and the lack of clear guidance. CFRS has made no formal decision on this matter.

4.8. Communication

Regular communication with employees is in place, with information being distributed via CFRS Weekly Update. A designated SharePoint site is in place to collate pension information which can be accessed by all CFRS employees, and we have a publicised dedicated mailbox for staff to use with any queries firepensions@cumbriafire.gov.uk

4.9. Remedies – Matthews

The relevant regulations that amended the FPS 2006 to allow retained firefighters access as special modified members as part of the 2023 second options exercise were laid on 8 September 2023, within The Firefighters' Pension Schemes (England) (Amendment) Order 2023. Following which the amendment regulations came into effect on 1 October 2023.

This project is extremely resource intensive, currently working to a deadline of March 2025. There are many elements to the process, both financial and administrative. The Pay, Reward and Pensions Advisor is largely working on this project, along with some additional administrative resources however there is still a large resource pressure on the team due to the number of calculations to be produced and contacts to be made with the eligible cohort.

Category	Numbers
Individual located - i.e. have an address on record	634
Individual not located i.e. no address on record	8
Total number of cases which have been sent the initial expression of interest letter	634 - 32 of those are deceased post being notified
Total number of individuals who have replied and expressed an interest	526
Calculators populated	447
Total number of statements issued	340
Total number of cases passed to the administrator for implementation	190
Elections sent on to LPPA	121
Elections at CFRS	69

LPPA currently have not paid any members, and do not expect to make any payments until March at the earliest. Due the volume of elections, across fire clients, it may not be possible to create all records in one month.

A consultation is being conducted regarding amending the legislation around Matthews. The consultation is scheduled to run from 23 December 2024 to 15 February 2025. The consultation is seeking view on the following;

- the payment of a missed pension lump sum / survivor's missed pension payment in respect of a deceased individual who would have been entitled to a pension (or a higher pension) under Matthews remedy.
- the extension of the eligibility criteria for an 'additional death grant' payment, so that it is also payable in respect of those individuals who did not join (or did not get an opportunity to join) the modified scheme during the 2014 Options exercise.
- individuals who joined the modified scheme as special deferred members the option to convert relevant standard service in the 2006 Scheme to special service in the modified scheme.
- for a minor clarification to be made to an existing reference to 'additional death grant'.
- eligible individuals with periods of 'opted out' service in the standard 2006 Scheme to count this towards their special service.
- flexibility to apply new provisions beyond 31 March 2026
- the closure deadline of the 2023 Options exercise to be extended by 12 months to 31 March 2026
- Members who join the modified scheme as special pensioner members, and who are in receipt of a 'member initiated early payment of pension', the ability to convert their standard service to special service.

CFRS will be providing a response to the consultation. Broadly, the consultation addresses areas that had been highlighted as concerns and these changes are welcome. However, at this stage we cannot confirm if the proposed changes meet the policy aims.

Any changes to legislation are not expected to be laid prior to 1 April 2025, and this may lead to a requirement for a ministerial statement.

4.10. Pensions Dashboard Programme

Services are required to connect to the Pensions Dashboard by 31st October 2025. LPPA have put a Project Working Group in place to ensure dashboard compliance.

LGA have advised that dashboards should be a standard item on board's agendas going forward. It is the intention to provide a more comprehensive overview of pension dashboards in the spring pension board.

4.11. Consultations

A consultation on inheritance tax focused on the technical aspects of including unused pension benefits within the scope of inheritance tax. This consultation ran from October 2024 to January 2025.

The proposed changes, set to take effect from April 2027, would mean that almost all unused pension pots and death benefits could be subject to inheritance tax. This includes death grant payments to firefighters who die in service but not in the line of duty.

The consultation sought feedback on various issues, including how pension scheme administrators would handle the new requirements.

CFRS responded to the consultation questioning whether death grants should be in the scope of the consultation primarily as they are not a means of tax avoidance and are more in line with a life policy as opposed a financial asset.

A consultation on amending the firefighter pension scheme contribution bands ran from 20 November 2024 to 29 January 2025

The consultation looked to gain opinion on several potential changes, set to take effect from October 2025, aim to:

- Achieve the target yield over the period from 1 October 2025 to 31 March 2027 of 13.2%.
- Update the member contribution structure to encourage scheme participation and reduce opt-outs.
- Ensure the member contribution structure is administratively sustainable.

The potential changes covered areas such as:

1. **Increasing the Contribution Bands:** Adjusting the salary bands to reflect current pay scales and ensure contributions are fair across different income levels.
2. **Keeping the Contribution Bands but Increasing Percentages:** Maintaining the existing salary bands but raising the percentage of contributions required from each band.
3. **Tax-like System:** Implementing a progressive contribution system similar to income tax, where higher earners pay a higher percentage of their salary into the pension scheme.

CFRS will submit a return to this consultation, but this is not available at the time of this report.

4.12. Training

Board Members continue to be notified of relevant training events (internal and external) as and when they arise and are encouraged to attend.

- LGA hold training sessions for the LPB, the dates planned for next year are fully booked, however we have popped on the next available dates below Wednesday 17 September 2025 11:00-15:30 (in person -18 Smith Square)
- Thursday 22 January 2026 10:00-14:00 (MS Teams)

Sessions can be booked via email bluelightpensions@local.gov.uk

Members of the Board will be required to undertake / refresh Information Security Training and members will be notified in due course.

Officers will be working with members to establish what additional training requirements are needed.

Guidance and training material can be accessed by Board Members via the link below to the dedicated Fire Local Pension Board SharePoint site:

<https://cumbria.sharepoint.com/sites/CLGPS/Shared%20Documents/Forms/AllItems.aspx>

5. RESOURCE AND FINANCIAL IMPLICATIONS

The Sargeant ruling has resulted in the new Public Service Pensions and Judicial Offices Act 2022 (PSPJOA) coming into force on 1 April 2022. PSPJOA provides a framework to address unlawful age discrimination in public service pension schemes, including the firefighter pension scheme, by allowing affected members to choose between legacy and reformed pension benefits for the period of discrimination from 2015 to 2022. The Regulations are in place and effective from 1 October 2023. Increased cost of pensions will be picked up nationally through the AME however, administrative costs of implementation must be borne by CFRS.

The Matthews regulations are now published and effective from 1 October 2023. GAD are currently working on estimating the possible impact on scheme liabilities and projecting scheme cashflows in future years. The administrative resources and costs will be borne by CFRS.

6. LEGAL & EQUALITY IMPLICATIONS

The report is for the Board to note that the regulations are now published for both Sargeant /McCloud and Matthews, and both projects have an 18-month implementation period. Other than these remedies, there are no direct legal & equality implications.

APPENDICES:

Appendix 1 – Risk Register as of November 2024

Appendix 2 – LPPA Client Report Q2

Appendix 3 –Appendix to the Monitoring Report Part 2

Paul Hancock Chief Fire Officer