

LGA PROJECT IMPLEMENTATION DOCUMENT (PID) FOR AGE DISCRIMINATION REMEDY IN THE FIREFIGHTERS' PENSION SCHEME

OVERVIEW

- On 4 February 2021 the government published its [consultation response](#) on how it intends to remove the discrimination identified by the courts in the 2015 pension reforms through changes to primary legislation and Firefighters' Pension Schemes regulations.
- This document looks to clarify the project background and deliverables in order to assist scheme managers implement the remedies.
- The project scope and deliverables of this document are not expected to change once they have been agreed and accepted by the senior steering group, except by exception
- All other areas will be a living document and may be subject to amendment as the project progresses

1. Project Background and Description

Pension reform to the Firefighters' Pension Scheme (FPS) due to the age discrimination remedy¹.

As laid out by HMT, the changes needed will be to:

1. Move every scheme member into the FPS 2015 as at 1 April 2022
2. Remedy the discrimination between 1 April 2015 and 31 March 2022 by offering members the choice to receive final salary or CARE benefits for this period

The FPS is locally administered which means that each Fire and Rescue Authority (FRA) is a [scheme manager](#) and the scheme manager is individually responsible for the administration and management of the scheme.

Delivery of the remedy to scheme members is the responsibility of scheme managers. For the fire pension scheme in England this means each of the 45 Fire and Rescue Authorities .

¹ <https://www.fpsregs.org/index.php/age-discrimination-remedy/implementation>

The FPS is well documented to be complex and challenging: and large scale changes will be needed to the administration and management of the scheme in order to deliver the change in pension benefits to the member, as a result of the age discrimination findings in public service pension schemes.

- [Report to SAB on administration and benchmarking review](#)
- [Paper to SAB detailing pension administration market and complexity](#)
- [Management and Governance factsheet](#)
- [FPS SAB England response to HMT age discrimination consultation](#)

2. Project Scope



It is not intended this part of the document will change.

Support scheme managers in delivery of pension reform in five main areas below

1. **Immediate Detriment:** This refers to members who will leave the scheme before implementation of the DCU mechanism to be implemented by October 2023, and under the terms of remedy are entitled to receive benefits under their former final salary scheme if it is better for them to do so.

The shorter-term timescales of this will mean that benefits need to be calculated without software systems in place, and in some cases without policy decisions, so benefits might need to be re-visited at a later date. Communications are going to need to convey a member choice.

Quantum: Figures provided to the SAB in the [Immediate detriment paper](#) (December 2020) show that 3469 members may currently leave the pension scheme with entitlement to an immediate payment before 31 March 2022. More information is needed to accurately assess the quantum of this group.

Updated March 2021: Information gathered from administrators for HMT purposes allowed more accuracy on immediate detriment figures.

The data which is still being analysed and will be shared as soon as possible, confirms the most affected co-hort are FPS 1992 members for whom their legacy scheme benefit would likely provide the better benefit.

A very small percentage of FPS 2006 members would qualify for immediate detriment, most of these members would have retired on ill-health and are much more likely to benefit from the improved accrual rate of FPS 2015.

More than a quarter of the FPS 1992 membership population would be treated as immediate detriment.

2. **Move all members to FPS 2015 at 1 April 2022:** Under the HMT directions all currently protected members of the final salary schemes will need to move into the FPS 2015 with effect from 1 April 2022.

Quantum: 11,474² members @ valuation date 31 March 2016 protected or taper protected in FPS 1992, FPS 2006 & FPS Special 2006.

However protected members were protected on the basis that they will have reached normal retirement age by 31 March 2022, so it is expected the members who will be most affected by this will be those who have not yet reached 30 years service.

3. **Deferred choice underpin (DCU) – part 1:** For implementation by October 2023, all members will be treated as though their benefits for the remedy period [1 April 2015 to 31 March 2022] are accrued under the final salary scheme.

Quantum: 20,154³ active members @ valuation date 31 March 2016 currently unprotected. Of those 20,154 members 12,072 are FPS 2006 members who may choose to receive CARE benefits at retirement. No figures available for deferred members in period.

4. **DCU – part 2:** Maintenance of CARE underpinned records from 1 April 2015 to leaving scheme.

Quantum: Assume all 20,154 active members will need a CARE underpinned record maintained and unknown number of deferred members.

5. **DCU – part 3:** Upon leaving the scheme members will be given a choice of whether they wish to keep the benefits as final salary for period 1 April 2015 to 31 March 2022 or be treated as CARE for this period.

Quantum: Analysis of the retirement pattern from October 2023 would be useful to assess year by year leavers.

² [5,151 + 4,481 + 389 + 526 + 671 + 256] Table A1, A2 & A3

<https://www.fpsregs.org/images/Valuation/Data2016FV.pdf>

³ [7,548 + 12,072 + 534] Table A1, A2 & A3 <https://www.fpsregs.org/images/Valuation/Data2016FV.pdf>

3. High-Level Requirements

What inputs will be required in order to deliver project scope

- Confirmation of Government Policy
- Policy direction and legislation
- Home Office, Devolved Government and HMT collaboration
- An understanding by stakeholders of their responsibilities and inter-dependencies.
- Peer working with NPCC to identify inter-dependencies and joint opportunities with Police and Fire schemes.
- Agreement of parties to project leadership by LGA pensions team
- Participation to and collaboration with working parties to be facilitated by LGA.
- Senior management engagement secured through collaboration with NFCC
- Additional resources to be identified
- Oversight and transparency of project to be provided from SAB, as part of their scrutiny and governance role.

4. Deliverables



It is not intended this part of the document will change.

1. Availability of shared communications compliant with EU accessibility:

This will include:

- a. Pages and resources specific to the communication of age discrimination will be available on the new member website.
- b. Guidance on how to identify, collect and format the necessary data that will be required will be produced for employers.
- c. Development of a suite of member communications as agreed by communications group in order to complement the 5 main scope changes to member benefits, ie.
 - i. Communications to explain the member choice under immediate detriment cases
 - ii. Communications to explain the effect of protected and taper members moving to FPS 2015 wef 1 April 2022

- iii. Communications to all members with regards to effects of retrospective remedy for period 1 April 2015 to 31 March 2022
 - iv. Ongoing communications to communicate effect of underpinned CARE benefits onwards from effective date of DCU implementation (October 2023), expected to include annual benefit statement templates
 - v. Communications to explain member choice at retirement.
- d. Communications to members not affected by the changes to benefits [For example 1357 new joiners since 1 April 2015 as per Table A4⁴] and those not in employed service before 31 March 2012.
 - e. A selection of sample member calculations to reflect real life scenarios in order to help explain changes to benefits across the range of different member experience. Scenarios to be agreed with steering group, not to exceed n examples.
 - f. Determine the use and development of modelers to assist member decisions
 - g. Technical guidance notes as agreed required by technical group for scheme managers and administrators.

2. Drive sector collaboration and uniformity:

- a. Ensure that stakeholders are made aware of additional or existing responsibilities as a result of age discrimination, so that FRAs have the information necessary to make decisions.
- b. Provide opportunity for informative and networking events to share knowledge and best practice
- c. Ensure the sector has access to knowledge and information about the changes being made, communicating these via [FPS regs and guidance website](#) and [monthly bulletins](#).
- d. Support the sector to consider how the provision of FPS management and administration services and necessary tools can be innovated and improved.
- e. Work with the sector to develop procurement choices.
- f. Encourage development and adoption of standard products and approaches, such as on-line tools and consistent communications.

⁴ <https://www.fpsregs.org/images/Valuation/Data2016FV.pdf>

- g. Regular webinars [Seminar style to deliver information on remedy].
- h. Develop consistent practices between devolved Fire and Rescue services.

3. Guidance on legislation changes:

- a. Identify where challenges might lie and any mitigations that could be applied.
- b. Impactfully communicate sector challenges to government departments.
- c. Assist in development of secondary legislation.
- d. Communicate effect of policy decisions to scheme managers and administrators.
- e. Aid understanding of tax challenges and seek consistent guidance to be applied
- f. Seek consistent interpretation of rules
- g. Workshops [To work through more complex issues and develop processes].
- h. Provide technical guidance notes as agreed with steering group and technical group [1.g]
- i. Consider additional technical training needs as a part of age discrimination and how to deliver these.

4. Facilitation of forums and groups to share best practice and provide peer support, such as:

- a. Identify and create joint working groups as required.
- b. Software supplier meetings.
- c. Software and Administrators working group.
- d. Subgroup of technical group for specialist age discrimination considerations.

5. Drive good and effective governance at both local and national levels:

- a. Develop scheme advisory board objectives to allow for monitoring FRAs progress of implementation.
- b. Develop scheme advisory board knowledge and understanding

- c. Develop local pension board skills and knowledge to monitor performance at local levels.
- d. Briefing updates for chiefs and chairs via Fire commission
- e. Provide governance training to allow Local Pension Boards to successfully scrutinise and monitor local delivery of remedy.

5. Input required from

- FRAs
- Pensions software developers
- PSSEG (Public Sector Software Engagement Group) for payroll software development
- Administrators
- SAB (and committees)
- LGA
- NFCC
- FSMC
- Home Office
- Devolved administrations
- GAD
- HMT
- HMRC
- NPCC
- Workforce – LGA
- Members
- Employee representatives
- TPR

- TPO

6. Affected Business Processes or Systems

- Procurement specifications for pension administration services
- Administration processes
- Pensions software development
- Payroll software
- Tax processes
- Scheme Manager Processes
 - Payroll
 - HR
 - Finance
 - Scheme Management and decision making
- Local Pension Board Governance
- Scheme Advisory Board Governance
- Member communication processes
- Age Discrimination pages and updates across the three websites maintained by LGA: www.fpsboard.org, www.fpsregs.org and www.fpsmember.org

7. Risks, Assumptions, Issues and Dependencies

Not listed in order

1. Timeframes for primary policy development [Mainly responsibility of HMT]
2. Timeframes for secondary legislation policy development [Mainly responsibility of Home Office]
3. Knowingly working without legislation (i.e. immediate detriment and software development before 1 April 2022 / 2023)
4. Potential for continuing to work without legislation (delays, legal challenges etc.)

5. Potential for conflict against delivery timetables of Matthews (Special Members FPS 2006) remedy.
6. Unknown HMT expectations on delivery (for example legislation dates, further development of tax policy and guidance)
7. Judicial review challenges to the proposed new legislation
8. Mutual dependencies of stakeholder landscape
9. Technical complexity of scheme regulations
10. Ineffective contract management of administrators or software suppliers by FRAs and administrators. [LGA do not have any contract management responsibilities.]
11. Scheme administration and management complexity
12. Legal challenges to the processes in place to implement remedy.
13. Lack of engagement from key stakeholders
14. Ineffective governance and monitoring
15. Insufficient resources
16. Inaccurate or incomplete member data and lack of data understanding

Risk register to be drafted to capture and monitor risks more effectively

8. Specific Exclusions from Scope

Unless specifically listed in this PID all other items are out of scope. The below lists examples of out of scope work, however these are not exhaustive.

1. Business as usual, including but not limited to
 - Technical Queries
 - Ill-health and Injury Guidance
 - Pensionable Pay
 - Communications – bulletins and websites
 - GAD – valuations and GAD Guidance
 - FPS events and training
2. Cost-cap

3. Sargeant legal challenge, including new burdens
4. Cost of remedy
5. Matthews (Second special members options exercise)
6. SAB secretariat
7. SAB business as usual, including but not limited to
 - Legal advice
 - Guidance
 - Meetings and committees

9. Draft Implementation Plan - Headings

This is a living section of this document, which will develop over time.

1. Initiate project management arrangements with:
 - Steering group
 - Home Office
 - Devolved administrations
2. Participate in HMT national project management group for public service pension reform in order to:
 - Understand common challenges
 - Contribute to best practice
 - Impactfully raise unique challenges to Fire sector
3. Explore policy details, develop secondary legislation and provide technical guidance with:
 - Home Office
 - Devolved administrations
 - HMT working group
 - Technical working group
 - Communications group
 - Peer work with NPCC

4. Understand tax implications:
 - HMRC and HMT
 - Technical working group
 - Peer work with NPCC
5. Develop member communications for each of the five main scope areas with:
 - Communications Group
 - Regional groups
 - Website development
 - Peer work with NPCC
6. Explore member modeler needs and develop options for development of online tools
7. Develop FRA scheme manager instructions, such as:
 - Data guidance
 - Understanding of roles and responsibilities
 - Procurement services
8. Administrator engagement via:
 - Meetings
 - Technical Group
 - Training as necessary
 - Peer work with NPCC
9. Understand software development needs and expectations:
 - Software supplier meetings
 - Regional groups
 - Understanding of software delivery schedules
 - Understand and convey sector requirements
 - Peer work with NPCC
10. Enabling consistency of approach by exploring options for provision of external resources such as;

Legal advice

Tax advice

Tax training and support

11. Governance – both at local pension board level and SAB:

Ensure understanding of governance in place

Scrutiny of plans

SAB to provide assurance through governance

12. Develop training package to include:

Monthly informative webinars, split into three categories; governance, management and administrative

Senior leader updates

Technical webinars

Communications

AGM

10. Draft High-Level Timeline/Schedule

	Timescale	Priority	Risk and considerations
Immediate Detriment	Immediately to 1 April 202x (Timeline to be set by HMT)	High	High risk as this will be without; legislation, software amendments and determination of policy, resulting in revisiting cases in some circumstances

<p>Move all members to FPS at 1 April 2022</p>	<p>By 1 April 2022</p>	<p>Communications: High</p> <p>Communicate the effect to members with example calculations</p> <p>Admin processes: low to Medium</p>	<p>Myths and social media 'facts' could result in members leaving the scheme early due to lack of knowledge.</p> <p>The administration process of moving members to FPS 2015 at 1 April 2022 is expected to be no different to current taper processes, albeit that has yet to be confirmed.</p>
<p>DCU Parts 1 & 2</p>	<p>Timeline to be set by HMT</p> <p>Tax deadlines will also need to be considered</p>	<p>Medium to high: Priority will be on understanding processes needed and software amendments</p>	<p>Availability of data required to convert CARE benefits to final salary</p> <p>Admin processes and software needed to maintain CARE underpin.</p> <p>Contribution and tax adjustments.</p>
<p>DCU ongoing</p>	<p>From 1 April 202x</p>	<p>Low to medium</p>	<p>Long term processes to</p>

maintenance Part 2	to leaving scheme		build of communicating CARE underpin in annual benefit statements
DCU part 3 – member choice	At retirement (could be anytime from 1 April 2022 onwards)	Medium to high for FPS 2006 members who will need to understand CARE benefits for remedy period	Policy details needed Tax implications

11. Reporting Mechanisms

1. Monthly reporting on deliverables status to:
 - Senior steering group
 - Home Office
 - SAB chair– oversight of governance and processes
2. Quarterly report to:
 - SAB Board
 - Regional Groups
 - FSMC
 - LGA Resources board

RECORD OF DECISIONS AND AGREEMENTS

Agreement	Whom	Date
Agreement of scope and deliverables		

VERSION CONTROL

Version	Reviewer	Date
First Draft	Clair Alcock	05/01/2021
LGA comments	Jeff Houston and Claire Hey	08/01/2021
Home Office comments	Cat Weston	13/01/2021
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