



Sent by email to the Pension Dashboard Project Team
infopdp@maps.org.uk

9 July 2021

Call for input into pensions dashboard staging

The [Firefighters' \(England\) Scheme Advisory Board](#) (the Board) submits its response to the PDP call for input on staging as attached to this letter.

This response is submitted on behalf of the Board by the Local Government Association (LGA) who act as secretariat to the Board. Neither the Board nor LGA act in the capacity of [scheme manager](#) or Fire and Rescue Authority (FRA).

The Board has included within its response a specific section about the schemes' architecture to highlight the unique features of the Firefighters' Pension Scheme (FPS) that create particular challenges to the scheme and are referenced throughout the response.

While the Board is supportive of the dashboard and its purpose, the Board has strong concerns over expected timescales, which are commented on in more detail in answer to questions 22 to 23. The architecture of the scheme, the size of the scheme (it is run as a collection of 44 schemes, the majority of which have under 1000 members), the type of membership and the members' expectations, along with the lack of central contract management for FRAs, all point to a later staging date.

The Board identified that implementing the age discrimination remedy (McCloud/ Sargeant) in a way that members could understand is the strongest priority for FPS stakeholders and that introducing the dashboard when the information was not age discrimination compliant could be counter-productive and limit members' understanding of the value of their pension benefits.

This view is supported by both employer and employee representatives of the Board who, while supportive of the overall premise of dashboards, believe that members' priorities rest in being able to access information on the benefits they are owed via McCloud/ Sargeant implementation, rather than accessing information via the dashboard.

The Board note that the call for input proposals for the first wave centre on schemes with 1000+ members, and indeed recognises the challenges for medium schemes deliverability, outlining in paragraph 99 that:

- a) they are less likely than large schemes to offer online access to members, which indicates lower levels of technological sophistication, and
- b) they face proportionally higher administration costs, and may therefore also face higher proportional dashboard compliance costs, ...

The Board would clarify that the FPS for England is not a centrally managed and administered scheme. It is a collection of small schemes for whom each FRA is the scheme manager. Of the 44 FRAs in England only six would consider themselves to be included in the 1000+ members category.

In summary, the Board's response to the call for input is that staging for the Firefighters' Pension Scheme should be only after the age discrimination remedy has been implemented and the first set of annual benefit statements issued successfully in Autumn 2024.

This response will be published on the consultations page of www.fpsboard.org and the Board can confirm they are happy to be identified when sharing the responses with DWP, TPR and FCA.

If you have any questions, please let me know.

Yours sincerely



Joanne Livingstone
Chair of the Firefighters' (England) Pension Scheme Advisory Board

Contents

Call for input into pensions dashboard staging	1
Part One: The Firefighters' Pension Scheme architecture	4
Administration and Management	4
Funding.....	5
Cost	5
Development of scheme changes.....	5
Part Two: Consultation Questions	6
Questions One to Three. Name and category of responder, with permission to share.	6
Question Four. How long do you estimate you will need to be ready to connect, and why?	6
Question Seven. What further information, if any do pension providers need to get ready for dashboards.	6
Question Eight. Do you have further evidence on consumer needs and /or the acceptability of a dashboards service displaying partial information for a limited time?.....	7
Question Nine. Do you see barriers to early staging?.....	7
Question Eleven. Do you agree our recommendation to prioritise occupational schemes with 1000+ members in the next two years.	7
Question Twenty Two. Do you agree that all public service schemes should be staged as early as possible within the first wave? Do you have any evidence that speaks to the deliverability of this?	8
Question Twenty Three. What specifically are the challenges presented by the McCloud Judgment for public service schemes in terms of dashboard readiness? What is the earliest that public service schemes could reasonably be expected to connect?.....	8

Part One: The Firefighters' Pension Scheme architecture

1. This section sets out the architecture of the Firefighters' Pension Schemes (FPS) as a locally administered unfunded public service pension scheme.
2. For clarity referral to the scheme(s) as the FPS encompasses the
 - Firefighters' Pension Scheme 1992 (FPS 1992)
 - Firefighters' Pension Scheme 2006 (FPS 2006) both standard and special¹ members
 - Firefighters' Pension Scheme 2015 (FPS 2015)
3. More information on the pension administration market and complexity of the FPS was provided in a paper² submitted to the Board at their meeting 17 September 2020.

Administration and Management

4. Under the regulations each of the 44 FRAs are responsible for the management and administration of their scheme and are defined in law as the scheme manager. This puts the responsibility to comply with over-riding pension legislation on each of the political bodies charged with governance of the Fire and Rescue Service (FRS), i.e. Combined Fire Authorities, PFCCs, County Councils, Mayoral functions etc.
5. Each FRA is required to administer the pension scheme either in-house or through appointing a third-party administrator. There are currently 16 different pension administrators. They are mostly not for profit organisations, with one known exception, and are often linked to LGPS administering authorities.
6. It is the responsibility of each administrator to contract a software supplier that underpins their solution. The appointment of the software supplier and therefore the deliverability of software solutions is not within the control of the FRA, which means likewise that an ISP provider may not be within the control of the FRA to appoint, even though they will pay the costs.
7. There are two software suppliers who supply software for the FPS: CIVICA and Aquila Heywood.
8. [A list of FRAs, their administrators and software suppliers can be accessed here](#)

¹ FPS 2006 was amended in 2014 by [SI 2014/445](#) to introduce a new category of member called Special Members that reflected service for retained Firefighters prior to 5 April 2006. These members could accrue benefits in FPS 2006 under special terms that generally reflected the FPS 1992.

² <http://www.fpsboard.org/images/PDF/Meetings/17092020/Paper-2-Pension-administration-market-and-complexity.pdf>

Funding

9. The Board is keen to stress the impact of additional costs on the financial viability of the FRAs.
10. The FPS is an unfunded, single employer scheme, which means each FRA is solely responsible for their individual scheme and the cost of running this must be paid from the Authority's operating account.
11. The top up grant from central government covers pension payments only; unlike central schemes, where the administration cost is recognised by an employer levy, the entire cost of managing, governing, and administering the scheme is met by each FRA's operating account.
12. As a result, the financial implications of increased costs will affect the operational costs of the FRA and may lead to decisions that result in a loss of public sector frontline services.

Cost

13. In 2019 the Board undertook an [in-depth review](#) of how the framework of FPS administration and management, combined with the complexity of the scheme, impacted on its cost and effectiveness.
14. The overall cost of managing and administering the scheme, including special projects, was valued at £120.33 per firefighter member.
15. The analysis of costs recognised that the scheme faced proportionally higher administration costs; a fact that the call for input paper under paragraph 99b recognises would affect medium schemes deliverability.

Development of scheme changes

16. While the FRA is the scheme manager and responsible for managing and administering the scheme, they are not responsible for making policy and introducing legislation.
17. That means that implementing McCloud/ Sargeant alone is already a greater challenge for them. FRAs are not party to the full discussions that have been taking place about remedy design led by HMT through the various McCloud subgroups and so have not had the advantage of being able to start developing detailed implementation plans alongside policy development in the same way that some of the centrally run schemes have.
18. Larger schemes where the responsible authority is also the scheme manager are of course involved in these detailed remedy discussions.

Part Two: Consultation Questions

In recognition that not all of the questions are relevant to the Firefighters' Pension Scheme, we have chosen to answer selected questions only.

Questions One to Three. Name and category of responder, with permission to share.

19. This response is on behalf of the [Firefighters' \(England\) Scheme Advisory Board](#).
20. This response can be shared and identified as being submitted by the Board.
21. The Board would consider themselves to be in the category of public service scheme.

Question Four. How long do you estimate you will need to be ready to connect, and why?

22. Connecting to the dashboard will be dependent on the market of ISP providers.
23. FRAs would not want to find themselves locked into a limited provider market forcing them to use certain providers only. As part of their value for money responsibility, they would need to compare providers to ensure best value.
24. Connecting to the dashboard will also be dependent on the information available to members within the software. Question 23 looks in detail at the timescales for this information to be age discrimination specific. Any information that would be displayed before that date may be viewed as discriminatory.
25. We believe the combination of data being available and the market-place offering a selection of ISP providers means that the FPS would not be ready to connect until Autumn/ Winter 2024 at the earliest.

Question Seven. What further information, if any do pension providers need to get ready for dashboards.

26. Paragraph 19 of the call for input confirms that evidence by the Pension Dashboard Programme (PDP) shows that a lack of information on the value of pensions would lack credibility with consumers.
27. Paragraph 20 goes onto confirm that "current and projected value to be the most pressing information for consumers".

28. At October 2023, the information available to firefighter members accessing a dashboard would return the values of the 31 March 2023 annual benefit statements, which would not at that time be reflective of the age discrimination remedy, and therefore in members eyes be discriminatory and incorrect. Thereby in agreement with the conclusions drawn by the PDP, it would lack credibility with customers, and would continue to perpetuate a 'major unmet need' of the dashboard.
29. Therefore, in response to the question, to ensure credibility with consumers, the information returned would have to reflect the legislative age discrimination remedies which are not in force until October 2023, and will not be reflected in annual benefit statements until they are issued for the year ending 31 March 2024 by 31 August 2024.

Question Eight. Do you have further evidence on consumer needs and /or the acceptability of a dashboards service displaying partial information for a limited time?

30. Overwhelmingly there is a desire from firefighters to understand the benefits of the age discrimination remedy. Any focus away from providing information on the age discrimination remedy will likely confuse members and undermine confidence in the accuracy of the figures.
31. Most firefighters are still likely to only have one employment for the majority of their working life. This means that unlike for other savers, a fund only offering would have limited value. They would already know they have a pension with the Fire and Rescue Service and are unlikely to have multiple small pots of pensions across private sector schemes.
32. This view was supported by the full SAB, both employer and employee representatives.

Question Nine. Do you see barriers to early staging?

33. Yes, early staging before the benefits are remedied for the age discrimination would offer no value to members and worse, will undermine confidence in the accuracy of the dashboard.
34. We also believe that work to prepare for this connection could not be undertaken alongside preparation and implementation of McCloud/ Sargeant.
35. Furthermore, we do not believe that the market-place is yet developed enough to allow providers to make a choice over ISP connections.

Question Eleven. Do you agree our recommendation to prioritise occupational schemes with 1000+ members in the next two years.

36. We do not agree that the FPS should meet the criteria of a 1000+ member scheme. It is a collection of mostly small schemes (under 1000 members), and therefore the barriers as laid out in paragraph 99 of the call for input apply equally to the FPS.

Question Twenty Two. Do you agree that all public service schemes should be staged as early as possible within the first wave? Do you have any evidence that speaks to the deliverability of this?

37. We do not agree that the FPS should be staged as early as possible within the first wave. We believe that the FPS should start staging in the last quarter of the first wave/ first quarter of the second wave.

38. Implementing the age discrimination remedy is the strongest priority for FPS stakeholders across the next three years and the Board made clear in their [response to the HMT consultation to age discrimination](#) the significant level of challenge and resource that will be necessary to implement the required changes.

39. In 2019, the Board commissioned AON to review the management and administration of the FPS. [The report published by AON](#) clearly illustrated the challenges of a locally administered scheme and the Board are still considering the recommendations made.

Question Twenty Three. What specifically are the challenges presented by the McCloud Judgment for public service schemes in terms of dashboard readiness? What is the earliest that public service schemes could reasonably be expected to connect?

40. The legislation to retrospectively move firefighters back into their legacy schemes will not be in force until October 2023.

41. Once those regulations come into force the practicalities of implementing it will rely on a) software being delivered on time and b) the resource available by the administrators.

42. The timeframe to negotiate for, fund, and deliver the necessary developments by October 2023 is exceedingly tight and reliant on primary and secondary legislation being drafted in time.

43. The resource available to both software providers, administrators, and policy managers will be limited and competitive.

44. If the software can be delivered on time, and the administrators can begin the task of implementation, the processes are not straightforward. Records will require a lot of manipulation, before they can begin to reflect the legislation.

45. Annual benefit statements as at 31 March 2023, issued by 31 August 2023, will reflect the pre-remedied benefits. The process for producing the annual benefit statements for 31 March 2024 which will reflect the remedied benefits will start in early 2024 and be completed by the statutory date for statements by 31 August 2024.
46. It will only be after those statements have been issued to reflect the age discrimination remedies that the true quality and accuracy of benefits can be assessed.
47. Therefore, it will not be until the autumn/ winter of 2024 at the earliest that the accuracy of data could be considered valuable enough to members to be published via a dashboard.