

NOTICE OF MEETING

<i>Meeting</i>	HFRA Hampshire Firefighters' Pension Board	<i>Clerk to the Hampshire Fire and Rescue Authority</i> John Coughlan CBE
<i>Date and Time</i>	Friday, 26th April, 2019 12.30 pm	<i>The Castle, Winchester</i>
<i>Place</i>	Meeting Room C, Fire and Police HQ, Leigh Road, Eastleigh	<i>Hampshire SO23 8UJ</i>
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub-committees. The Authority has a protocol on filming, photographing and audio-recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

Agenda

1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence received.

2 **DECLARATIONS OF INTEREST**

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

3 **MINUTES OF PREVIOUS MEETING** (Pages 3 - 6)

To confirm the minutes of the previous meeting.

4 DEPUTATIONS

Pursuant to Standing Order 19, to receive any deputations to this meeting.

5 CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6 LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT (Pages 7 - 54)

To receive a report of the Chief Finance Officer providing an update on legislation and the LGA.

7 FIRE PENSION BOARD STATUS REPORT (Pages 55 - 66)

To receive a report of the Chief Finance Officer providing an update on the development of key items.

ABOUT THIS AGENDA:

This agenda is available on the Hampshire Fire and Rescue Service website (www.hantsfire.gov.uk) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

Agenda Item 3

AT A MEETING of the HFRA Hampshire Firefighters' Pension Board held at the Fire and Police Headquarters, Eastleigh on Tuesday, 8th January, 2019

Chairman:

* Stew Adamson

- * Malcolm Eastwood
Richard North
Councillor Roger Price
Alex Rhodes
- * Tom Simms

*Present

Also present with the agreement of the Chairman:

Jo Thistlewood, Technical Finance Manager, Isle of Wight Council

49. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Roger Price, Richard North and Alex Rhodes.

50. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any disclosable pecuniary interest they had in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

51. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting on the 19 October 2018 were agreed and signed by the Chairman.

52. **DEPUTATIONS**

There were no deputations on this occasion.

53. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman announced that Alex Rhodes had expressed that he would be resigning from the Board, and Tom Simms would be retiring from the Service in February. The Chairman extended his thanks for their contribution to the Board and it was confirmed that processes would be put in place to fill the vacant positions on the Board in due course.

54. LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT

The Pension Board received a report of the Chief Finance Officer providing an update on Legislation and the Local Government Association (Item 6 in the Minute Book).

Officers took Members of the Board through the report highlighting and explaining key issues including changes to the SCAPE discount rate and the role of the Independent Qualified Medical Practitioner (IQMP). Paragraphs 13 and 14 of the report set out the position of over and underpayments in respect of Guaranteed Minimum Pensions and it was noted that no significant over or underpayments had been made, but some queries had been raised in relation to this which would be followed up. The Board noted that the administrator and employer survey issued by AON Hewitt had been completed and returned as referenced in paragraph 15 of the report. Board Members also noted that details of the Scheme Advisory Board levy had been received and this had been set at £7.69 per active firefighter.

Officers updated the Pension Board on Pensionable Pay as detailed in paragraphs 17 to 20 of the report, and the position of Welsh Fire Authorities as a result of the Pensions Ombudsman (PO) determination was explained. Whilst this determination didn't affect English Fire and Rescue Authorities, Officers wanted to highlight the complexities of pensionable pay to the Board particularly around USAR payments and training allowances. Members of the Board discussed the complexities of allowances and pensionable pay. The recent review of allowances by HFRS was highlighted, and it was noted that pensionable allowances had also specifically been reviewed. Officers confirmed that advice would be sought before any future decisions regarding pensionable pay were made by the Authority.

Paragraphs 21 to 23 of the report set out the position of Member disclosure and Officers explained key issues relating to this, including cohabiting partners. It was noted that communication informing Members that they would be notified of any material change to basic scheme information had been included on the home page of the fire portal. The Pension Board heard that the number of people who may be affected was small.

RESOLVED:

That the HFRA Firefighters' Pension Board noted the contents of the report.

55. TERMS OF REFERENCE FOR THE FIREFIGHTERS' PENSION BOARD

Members of the Board received a report of The Clerk (Item 7 in the Minute Book) inviting them to review the current Terms of Reference for the Firefighters' Pension Board and recommend any amendments to the HFRA Standards and Governance Committee, as the Scheme Manager.

The Board reviewed the Terms of Reference as set out at Appendix 1 to the report and queries were raised. In relation to paragraph 3.8 of Appendix 1, it was heard that it was good practice to continue with the initial fixed four year appointment term for Board Members to ensure consistency to the Board and achieve maximum benefit. It was noted that the position of Director of Professional Services no longer existed, as set out in paragraph 5.1 of Appendix 1 to the report, and the Clerk would seek advice as to which officer position should now be referenced. Clarification as to the purpose of paragraph 5.1 would also be sought from legal officers.

Members of the Board agreed that the Clerk make revisions to the Terms of Reference after clarifying points raised, and informally invite comments from Board Members ahead of the next formal meeting of the Board.

RESOLVED:

That the HFRA Firefighters' Pension Board agreed that the Clerk make revisions to the Terms of Reference and informally invite comments from Board Members, before being presented for agreement at the next meeting of the Firefighters' Pension Board.

56. FIRE PENSION BOARD STATUS REPORT

Members of the Board received a report of the Chief Finance Officer (Item 8 in the Minute Book) regarding ongoing issues.

The report was introduced and Officers led Board Members through the report highlighting the development of key issues. Officers highlighted the Fire Pension Board calendar report of items for 2019/20 as set out at Appendix A which drew on discussions at the previous Board meeting about forthcoming agenda items. Members of the Board were content with the work plan of items, and no additional agenda items were proposed at this time.

The issue of Training as set out in paragraphs 7 to 10 was set out and it was noted that as there would soon be two vacancies on the Pension Board, it was felt that it would be appropriate to wait on issuing updated Training Needs Analysis form until these two vacancies were filled. It was agreed that future training session would be beneficial and these would also be organised when the Board had its full quota of Members. The possibility of holding some joint sessions with Isle of Wight Pension Board Members was also discussed.

Members of the Board noted that there had been no statutory reporting events or Internal Dispute Resolution Procedures (IDRP's) raised since the last meeting. It was also confirmed that there had been no breaches which needed reporting to The Pension Regulator. The Board's attention was drawn to Appendix B which set out and clarified the process for receipt of IDRP as well as Appendix C which listed the IDRP Accountable Officers.

Issues relating to Communication were set out in paragraphs 16 to 21 of the report and these were discussed. Members of the Board wished to extend their thanks to the Employer Pension Manager for all her hard work in delivering pre-retirement courses and pension presentations at various fire stations in

Hampshire. It was noted that feedback from these had been very positive. Paragraph 19 of the report detailed a breakdown of the number of page views on the employer pension web pages for October and November 2018. The poor response to the Fire Employer pension web pages survey was discussed and Members of the Board agreed that sending the survey as a global email would generate a higher response rate and Officers would take this forward. This would also be followed up with the communications and media team as well as the Fire Brigades Union. The Pension Board were pleased to hear that the Employer Pension Manager had been appointed permanently to her position and congratulated her on this.

Issues relating to injury pensions and the Department for Work and Pensions (DWP) were discussed. It was heard that there had been a high response of 62 replies from the 89 member pensioners written to in order to confirm whether they were in receipt of any relevant additional benefits from the DWP. Since the report had been written, it was confirmed that an additional five replies had been received. Those who had not yet responded would receive a firmer follow up letter advising of implications if a response was not received.

The issue of TPR annual scheme returns was also discussed and the difference between common and scheme specific data was explained, and the percentage of data which was present and accurate was set out in the table at paragraph 29 of the report. Hampshire Pension Services would work on a plan to improve data which wasn't 100%.

Members of the Board also heard details relating to the SCAPE discount rate, the annual TPR Administration survey and the forecasting workshop. In relation to the SCAPE discount rate, it was confirmed that HFRA would receive £2.9m from Government to cover additional costs resulting in the increase in employer pension contributions. Members of the Board noted that the £2.9m received was expected to realistically cover these costs.

RESOLVED:

- i) That the HFRA Firefighters' Pension Board endorsed the work plan of items as set out in paragraphs 3-6 and Appendix A of the report.
- ii) That the HFRA Firefighters' Pension Board endorsed the approach of sending out the Employer Web survey via email as set out in paragraph 20 of the report.

Chairman,



Purpose: Noted

Date **26 April 2019**

Title **LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA)
UPDATE REPORT**

Report of Chief Finance Officer

SUMMARY

1. This report, together with attachments, provides the framework for the agenda item.

FPS BULLETINS

2. LGA issue a bulletin at the end of each month; there have been four bulletins issued since the last Fire Pension Board report. The bulletins are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website.
3. Bulletins 15-18 can be found in APPENDICES A, B, C & D. There is a lot of information contained within these bulletins; the key items are set out below.

CONSULTATION ON REGULATION CHANGES (BULLETIN 15,16 & 18)

4. The Home Office launched a consultation on 18 December 2018 regarding the Supreme Court ruling in the case of Walker v Innospec as follows:
 - (a) Changes to survivor benefits in the 1992 Fire Pension Scheme and the 2006 Fire Compensation Scheme.
 - (b) A minor unrelated correction required to ensure that one particular aspect of the 1992 Fire Pension Scheme works as originally intended
5. This consultation was issued to the Employer Pension Manager as a member of the Fire Technical Group, and then taken to the Fire employer Group for discussion. This is an important role of the Fire Employer Group in ensuring that up-coming legislative changes are communicated to the relevant parties so that the necessary action can be taken.

6. We replied to this consultation via the LGA and stated that we had no issues with the proposed new legislation.
7. The amendment legislation was laid before Parliament on 28 February and came into effect on 1 April 2019. In bulletin 18 a technical note was issued by LGA. This can be found in APPENDIX E
8. The Board will be pleased to note that the Two Pension rule (Split pension) is being properly applied by Pension Services.
9. The “Walker judgement” amendment relates to the 1992 scheme only. It applies to any member who has a civil partnership or same sex marriage and has had survivor benefits calculated using restricted service from 6 April 1988. This can apply to
 - Transfer out calculations
 - Survivor pensions currently in payment
 - Survivor pensions which are no longer being paid
 - Any deceased member’s survivor who would now be entitled to a survivor pension, but wasn’t previously
10. Pension Services will be working on identifying any relevant members and will recalculate benefits as applicable. The numbers affected (if any) are expected to be small, as this only affects the 1992 scheme and only those with service prior to 6 April 1988 who are in a Civil Partnership or Same Sex Marriage.

SAB REQUEST FOR INFORMATION (BULLETIN 15 & 16)

11. The SAB requested information with regard to opt outs and whether this had been affected by Annual Allowance and Voluntary Scheme Pays. The Employer Pension Manager responded to this request, which can be found in APPENDIX F.
12. HFRA does not collect reasons for opting out and therefore it is impossible to say with any certainty whether opt out cases are because of potential tax consequences from Annual Allowance.

REVISED FACTORS AFTER CHANGE IN SCAPE DISCOUNT RATE (ALL BULLETINS)

13. Due to the changes in the SCAPE discount rate, the Government Actuary Department (GAD) has issued revised pension calculation factors. These have been issued between October 2018 and March 2019
 - Commutation factors

- Early & Late retirement
 - CETV and Pension cash equivalent
 - Added years / Added pension and Additional Pension Benefits
 - Tax charge debits
 - Non club transfers in
 - Trivial Commutation
 - Pension debit adjustment and Pension credit factors
14. The Board will be pleased to note that Hampshire Pension Services have all the factors and are using them where applicable from the relevant dates.

FPS BENCHMARKING EXERCISE (BULLETIN 15, 16 & 17)

15. Aon issued surveys to administrators and employers and have received 100% response rate from both the pension administrators and FRAs.
16. AON have also issued a web based survey for members (active, deferred and pensioners), which closed on 28 February 2019. This group was a little harder to reach without costing the FRA additional money to contact them all. HFRA publicised the survey in Routine Notice at the end of January 2019. The survey was also publicised across social media.
17. Aon received 3,900 responses to the member survey which was more than they were expecting.
18. Draft results of the surveys should be available in June 2019.

COURT OF APPEAL TRANSITIONAL PROTECTION CASE (BULLETIN 15 & 16)

19. The transitional appeals case has centred on whether the transition provisions of the 2015 scheme were lawful. There has been no challenge to the primary legislation, the Public Services Pensions Act 2013[18], which restricts the continuing provision of the existing final salary schemes. Therefore it is only by the virtue of the transitional provisions in the 2015 scheme that some members have been protected and continue to have pension benefits calculated in the 1992 or 2006 scheme.
20. As the court of appeal have found the transitional protections are unlawful, the question of remedy centres on how the transitional provisions should be made lawful, and, how taper protected and unprotected members who have been subject to those provisions from the date the legislation came into force (1 April 2015) and moved into the 2015 scheme would be compensated if required.

21. The Government has applied to the Supreme Court for the right to appeal and at the time of writing this report, we are still waiting for a decision from the Supreme Court. At present, we have no idea on timescales or if applicable any likely remedy. A possible timeframe and routes can be seen in APPENDIX G.

RECOMMENDATION

22. The Board are asked to note the contents of this report.

APPENDICES ATTACHED

23. APPENDIX A - FPS Bulletin 15 – December 2018
24. APPENDIX B - FPS Bulletin 16 – January 2019
25. APPENDIX C – FPS Bulletin 17 – February 2019
26. APPENDIX D – FPS Bulletin 18 – March 2019
27. APPENDIX E – Technical note
28. APPENDIX F – SAB request for information
29. APPENDIX G – Court case

Contact:

Claire Neale, Employer Pension Manager, claire.neale@hants.gov.uk,
01962 845481



FPS Bulletin 15 – December 2018

Welcome to issue 15 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, don't forget to visit the issue and content indexes which are available on the main bulletin page of the website and are updated following each new issue.

May we take this opportunity to wish you all a very merry Christmas and happy New Year. Thank you for your help and support during 2018.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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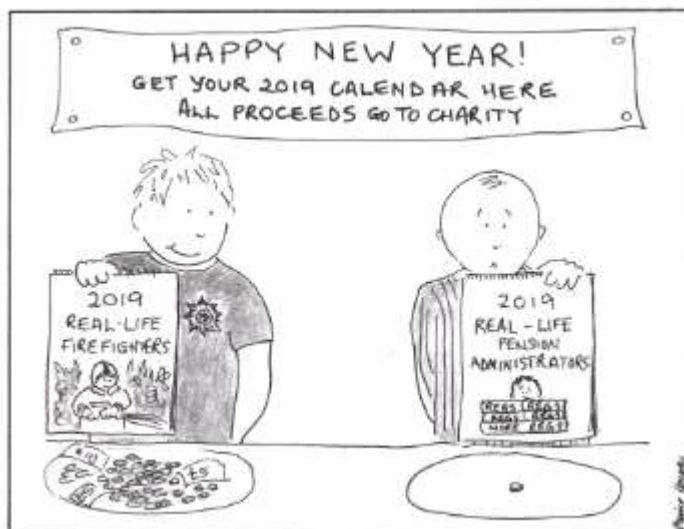
- [That was the year that was...](#)

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Calendar of events



Many readers will remember Eunice Heaney and the tales of “Willie Sprinkler”. We are delighted that Eunice has reprised Willie’s starring role for our final bulletin of the year.

Please see below a calendar of upcoming events relevant to the Firefighters’ Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

LPB effectiveness committee	23 January 2019
Fire Communications Working Group	30 January 2019
Administration & benchmarking committee	7 February 2019
Firefighter Pensions Technical Community	12 February 2019
North East regional FPOG	19 February 2019
LGA Leadership Essentials Fire & Rescue (Elected members)	26-27 February 2019
Eastern regional FPOG	27 February 2019
Midlands regional FPOG	1 March 2019
LGA annual fire conference and exhibition	12-13 March 2019
SAB	14 March 2019
SAB	13 June 2019
Firefighters’ Pensions AGM	24-25 September 2019 (provisional)
SAB	10 October 2019
SAB	12 December 2019

FPS

A message from the chair

"Dear friends & colleagues,

If you're reading this, 'Congratulations!', you have virtually made it to the end of another busy year working in and supporting the Fire Pensions domain; only a few more days and you can officially relax, chill and hopefully enjoy your Festive celebrations with family and friends.

It has undoubtedly been a busy year..."

Read more from Malcolm Eastwood, chair of the Firefighters' Pensions (England) Scheme Advisory Board at [Appendix 1](#), with a summary of the year that has passed and a look the challenges ahead in 2019.

Court of Appeal transitional protections judgement

As you will be aware, yesterday the Court of Appeal handed down the judgment in the Firefighters transitional appeals case. The full judgment is available [here](#).

It is important to note that the case relates only to the transitional protection arrangements in the 2015 firefighters' pension scheme, and whether these are discriminatory. It does not address the introduction of that scheme itself by the primary legislation of the Public Service Pensions Act 2013.

The case itself has rested on two principles:

- Did government have a 'legitimate aim' in introducing the transitional protection as it did, noting a legitimate aim cannot be solely for financial reasons?

and

- Were the means to achieve this appropriate and reasonably necessary?

The earlier employment tribunal and the employment tribunal appeals had reached the answer 'yes' on this first question, however, the court of appeal has overturned the first two judgments, coming to the conclusion in paragraph 233 that 'the manner in which the transitional provisions have been implemented has given rise to unlawful direct age discrimination'.

The court found that, having introduced the protections, the Government should have justified the discriminatory impact but that it had failed to do so, and therefore justification on the grounds of legitimate aims must fail. As a result they dismissed any further deliberation over the question on proportionality of means.

The judgment remits it to the employment tribunal to consider remedy (as per the final sentence of paragraph 164) but, before that step Government can apply for permission to appeal to the Supreme Court, so we cannot speculate on what remedy might involve or what timeframe. **It is important to note that nothing has yet changed in law, and so there is no action for scheme managers or administrators to take with regards to the scheme.**

We understand that Fire and Rescue Authorities and pension administrators will be responding to many queries on this from Firefighters who may believe the judgment from the Court of Appeal automatically amends the scheme rules, and would suggest the following text in reply to such queries.

“Many thanks for your enquiry, we are aware that the Court of Appeal has handed down the judgment in the Firefighters transitional appeals case, finding that the transitional protections introduced with the new Pension scheme in 2015 were unlawfully discriminatory on grounds of age.

It is important to note that the case relates only to the transitional protection arrangements in the 2015 firefighters’ pension scheme, and whether these are discriminatory. It does not address the introduction of that scheme itself by the primary legislation of the Public Service Pensions Act 2013.

What happens next?

We realise that scheme members want to understand what this means for their pension, however, we cannot yet speculate on what remedy might involve. The judgment remits it to the employment tribunal to consider remedy, but before that step Government can apply for permission to appeal to the Supreme Court. So it will most likely be many months before we are able to understand what this means for pension scheme benefits.

In the immediate future, your pension benefits will remain calculated as under the current regulations.

We will endeavour to keep you informed as things progress.”

FPS 2016 valuation – update

On 7 December 2018, the Scheme Advisory Board (SAB) submitted their proposal to the Home Office for rectifying the breach to the cost cap floor by improving member benefits. As advised in previous bulletins, the draft results of the 2016 valuation show that the employer cost cap set at 16.8%¹ has fallen to 11.6%.

The Home Office are considering the proposal with input from HM Treasury and the Government Actuary’s Department (GAD) before a full response can be made to the SAB. If the proposed option is not accepted, the Home Office will provide an alternative option and there will be a period of three months if agreement cannot be reached, during which the Home Office will continue to engage with the SAB to attempt to agree a consensus position.

If a consensus position is not reached within that three month period, the default mechanism is to amend the accrual rate for FPS 2015. GAD has advised that the default accrual rate would be 1/51.2 in order to fully rectify the breach.

Our colleagues at the Home Office have looked into whether it would be possible to provide indicative scheme specific employer contribution rates from April 2018. GAD has advised that they can’t provide indicative rates and that FRAs will have to wait until the Scheme Valuations are finalised and the final scheme specific rates are published.

As such, the general indicative rate of 30.2% is the only information available at present which FRAs can use for budget planning purposes.

Board consultations and responses will be published [here](#) once they are available, and monthly updates will be provided in the bulletins. GAD’s [Public Service Pension Scheme December newsletter](#) also contains interesting information on the valuation and the SCAPE discount rate.

¹ [150A(1) <http://www.legislation.gov.uk/ukxi/2015/465/regulation/5/made>]

Amendments to Firefighter Pension Schemes (England) - Consultation

On 18 December 2018 the Home Office launched a consultation on changes to survivor benefits in the Firefighters' Pension Scheme 1992 and the Firefighters' Compensation Scheme 2006, plus a minor unrelated correction to the Firefighters' Pension Scheme 1992.

In the event of a member's death, the firefighters' pension schemes provide for the payment of certain benefits and awards to a member's spouse or partner ('survivors' benefits'), but as regards qualification for benefit, there are different regulations according to which particular pension scheme the member belonged.

A recent Supreme Court case relating to the entitlements of a pension scheme member's partner has led the Government to give fresh consideration to this matter for all public service pension schemes, including those for firefighters.

In addition, an unrelated minor amendment is required to ensure that one particular aspect of the 1992 Fire scheme works as originally intended.

This [consultation](#) seeks the views of interested parties on [draft legislation](#) to enact these changes. The consultation closes on 29 January 2019.

Revised Fire (England) factors

Further to the letter issued by the Home Office on 31 October regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided the following replacement factor tables for use with immediate effect from 6 December 2018.

[Appendix 2](#): Early and Late retirement.

Please note that there are different late retirement factors for mainstream pension and added pension.

[Appendix 3](#): CETV and Pensioner Cash Equivalent (for divorce purposes).

CETV and certain other calculations should have been suspended on 31 October 2018. Such calculations can now recommence using the new factors, including on any stockpiled cases. For all other types of calculation, including early retirement, FRAs should follow the usual practice of changing their methods of calculation from the time when new factors are circulated.

GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date. The updated tables and subsequent guidance will be made available at <http://fpsregs.org/index.php/gad-guidance> in due course.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.

FPS benchmarking exercise – update

The deadline for the administrator and employer (scheme manager) benchmarking surveys is fast approaching. If you have not yet had opportunity to do so, we would encourage you to ensure that a response has been submitted for your organisation. We are relying on the support of our stakeholders to collect as much data as possible to allow for meaningful analysis. We are happy to accept responses up to 14 January 2019.

The surveys were sent by email to our main contacts at administrators and FRAs. If you were expecting to receive a copy and have not, please contact claire.hey@local.gov.uk.

Aon have been commissioned to undertake the review by the Scheme Advisory Board (SAB), to help them establish a measure of the cost and effectiveness of administration and management within the schemes. An update from Aon can be viewed [here](#).

More information about the project is available on our dedicated [benchmarking webpage](#) and further updates will be provided in the bulletin each month.

SAB request for information

During the course of their activities throughout the year, SAB members have been made aware of concern at FRAs around opt out levels, and difficulties surrounding recruitment and retention of talented and experienced personnel due to potential tax consequences of breaching the annual allowance.

To date, the evidence received has been anecdotal. In order to support the Board in presenting a case to the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the scheme, more quantitative data is required.

The SAB needs your help in collecting this information. Please see the request for information at [Appendix 4](#). Completed forms should be submitted to bluelight.pensions@local.gov.uk by 31 January 2019.

December query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in November.

Website resource update – guides and sample documents

We are pleased to add the following documents that have been produced in collaboration with the Fire Communications Working Group to the [guides and sample documents](#) page of www.fpsregs.org:

Retirement from FPS 2015 - member factsheet
Opting out of FPS 1992 – notes
Opting out of FPS 2006 (standard member) – notes
Opting out of FPS 2006 (special member) – notes
Opting out of FPS 2015 – notes
Election to opt out (all schemes)

Other News and Updates

Pensions dashboards

The results of a feasibility study to explore the options for the delivery of online pensions dashboards were released in the form of a government [consultation](#) on 3 December 2018. The consultation is seeking views on how the government can best facilitate an industry-led delivery of a pensions dashboards. The consultation closes at 11pm on 28 January 2019.

The consultation proposals include the following:

- a non-commercial dashboard be hosted by the [Single Financial Guidance Body](#) (SFGB) together with multiple commercial dashboards hosted by different organisations, in order to improve consumer choice and enable them to use the dashboard that most suits their needs.
- the establishment of a delivery group, convened and stewarded by the SFGB, which would work towards the successful implementation of the technology that will allow pensions dashboards to operate.
- a single 'Pension Finder Service' (PFS) will act as a search engine to find pension schemes linked to an individual.
- state pension data will ultimately be part of the service.
- with the consent of the individual, pension schemes will be required in legislation to provide an individual's data via pensions dashboards.
- Public service pension schemes be given longer lead-in times to prepare their data prior to on-boarding. It is expected that the pensions industry will start to supply data to a dashboard, on a voluntary basis, from 2019, the majority of schemes will be on-boarded within 3 to 4 years from the first dashboards being available to the public.

New TPR Chief Executive

On 18 December, the Pensions Regulator (TPR) [announced](#) they have appointed Charles Counsell as their new Chief Executive. Charles Counsell is currently Chief Executive of the Money Advice Service and will join TPR at the start of April following the departure of Lesley Titcomb at the conclusion of her term as Chief Executive at the end of February.

TPO news

On 17 December, DWP [announced](#) that Anthony Arter has been re-appointed as the Pensions Ombudsman for a further two years until 31 July 2021.

On 19 December, the government published a [consultation](#) seeking views on proposals for a new function at TPO for the earlier resolution of disputes prior to a determination; allowing employers to make complaints or refer disputes to TPO on behalf of themselves and associated signposting provisions. The consultation closes at 11pm on 18 January 2019.

TPO have published the fifth edition of their stakeholder newsletter which is attached to this bulletin as [Appendix 5](#).

Earlier communications from TPO and a full history of determinations in relation to FPS can be found [here](#).

Indexation of public service pensions

On 4 December, HMT issued an updated [direction](#) under Section 59A of the Social Security Pensions Act 1975. The direction continues existing indexation provisions and, as a result of HMT's 2017 consultation on [GMP indexation and equalisation](#), extends the arrangements to some additional groups of pensioners.

Our colleagues on the Local Government Pension Committee Secretariat have confirmed that they will review the updated direction and issue guidance which may be adapted for use by the other PSPS in the new year.

HMRC

HMRC newsletters/bulletins

HMRC have published the following newsletters this month:

[Manage and Register Pension Schemes service newsletter](#) – 11 December 2018

[Relief at source pension schemes newsletter](#) – 5 December 2018

Contracting-out reconciliation update

The following bulletin, containing important guidance and information about the end of contracting out and the scheme reconciliation process, was published by HMRC in December.

[Countdown bulletin 40](#)

Updates include:

- Scheme Financial Reconciliation
- Contributions Equivalent Premium guidance
- Shared Workspace
- Clerical Scheme Reconciliation Service (SRS)
- SRS Stalemate Queries

Events

That was the year that was...

Throughout the year we have been privileged to travel the country, attending meetings and providing training to FRAs, LPBs, and administrators. We have held a number of national training seminars at the LGA offices in London, as well as pursuing joint opportunities with our colleagues in police.

Information about our national events can be found on our [Events](#) page.

The year in figures

14 Local Pension Board meetings/ training	1 administrator training
1 scheme manager training	1 software provider training
4 SAB and 8 SAB committee meetings	3 technical group meetings
3 communication group meetings	15 regional FPOGs
1 AGM	2 subject specific workshops
1 joint governance event	10 sector-wide events

The year in pictures



We look forward to offering an exciting and varied programme of events in 2019, and as ever, are happy to tailor bespoke sessions for local and regional groups. For information, please contact us as bluelight.pensions@local.gov.uk.

Legislation

SI	Reference Title
2018/1330	The Financial Guidance and Claims Act 2018 (Commencement No. 5) Regulations 2018

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

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FPS Bulletin 16 – January 2019

Happy New Year! And welcome to issue 16 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, don't forget to visit the issue and content indexes which are available on the main bulletin page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

Administration & benchmarking committee	7 February 2019
Firefighter Pensions Technical Community	12 February 2019
North East regional FPOG	19 February 2019
LGA Leadership Essentials Fire & Rescue (Elected members)	26-27 February 2019
Eastern regional FPOG	27 February 2019
Midlands regional FPOG	1 March 2019
LGA annual fire conference and exhibition	12-13 March 2019
SAB	14 March 2019
South East regional FPOG	18 March 2019
Data seminar	3 April 2019
LPB effectiveness committee	18 April 2019
Joint Fire and Police governance event	15 May 2019
SAB	13 June 2019
Ill health and medical appeals seminar	19 June 2019
Pensionable pay workshop	18 July 2019
Firefighters' Pensions AGM	24-25 September 2019 (provisional)
SAB	10 October 2019
Pensions tax seminar	12 November 2019
SAB	12 December 2019

FPS

Transitional protections – what is remedy?

Further to the court of appeal judgment and our brief statement in [FPS Bulletin 15 - December 2018](#), we understand that there are still some questions with regards to the outcome of the judgment.

We understand that government have now appealed to the Supreme Court. If the Supreme Court reject the case for appeal then the next step is to remit to the employment tribunal for a decision on 'remedy'.

While recognising that we are unable to speculate on what the remedy might be, we thought it would be helpful to confirm what it is that needs to be remedied.

The transitional appeals case has centred on whether the [transitional provisions](#) of the 2015 scheme are lawful. There has been no challenge to the primary legislation, the [Public Services Pensions Act 2013 \[18\]](#), which restricts the continuing provision of the existing final salary schemes. Therefore it is only by the virtue of the transitional provisions in the 2015 scheme that some members have been protected and continue to have pension benefits calculated in the 1992 or 2006 scheme.

As the court of appeal have found the transitional protections are unlawful, the question of remedy centres on how the transitional provisions should be made lawful, and how taper protected and unprotected members who have been subject to those provisions from the date the legislation came into force (1 April 2015) and moved into the 2015 scheme would be compensated if required.

FPS 2016 valuation - HMT written ministerial statement

On 30 January 2019, HM Treasury issued a [written ministerial statement](#) with regards to the effect of the recent judgments on the McCloud and Sargeant cases on the valuation.

As a result of this announcement, the cost cap rectification process for the Firefighter Pension Scheme will be suspended, pending the outcome to the Government's appeal.

HM Treasury has also advised that the employer rate that Fire and Rescue Authorities pay towards firefighter pensions should be increased as of 1 April 2019. Following this announcement GAD are able to calculate the individual employer contribution rate for the four firefighter schemes which we will confirm these rates as soon as possible.

There will be no changes to firefighter pension schemes member's contribution rate or the accrual rate at this stage.

In light of the above, the Board's proposal to the Home Office on rectification of the cost cap breach will be suspended. Any consultation and response documents will be published [here](#) once they are available, and monthly updates will be provided in the bulletins.

Revised Fire (England) factors

Further to the letter issued by the Home Office on 31 October regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided the following replacement factor tables.

[Appendix 1: Added Years/Added Pension and CPD.](#)

These factors replace those currently in use with immediate effect from 11 January 2019.

We can confirm that there is no obligation to split the year; the new factors on CPD are now in force and should be used for all cases that arise going forwards. Note that the CPD factors (table x801) now commence from age 49, as this is the youngest age at which these factors might now be needed due to the structure of tapered protection. This is based this on the table in Part 4 of Schedule 2 of the FPS (England) Regulations 2014.

[Appendix 2: Tax charge debits.](#)

These factors replace those currently in use with immediate effect from 24 January 2019. This is still the case when calculating a scheme pays debit for a pensions tax charge incurred in the 2017/2018 year.

The spreadsheet contains the revised factors which are based on a SCAPE discount rate of 2.4% net of CPI increases. The spreadsheet provides replacement Tax charge debit factors for those currently included within GAD guidance notes.

The impact of the change in discount rate is generally that members using Scheme Pays to meet Annual Allowance or Lifetime Allowance tax charges will need to convert a lower amount of pension to pay a given charge.

[Appendix 3: Non-Club Transfer-In \("TV-in"\).](#)

The suspension of these cases from 31 October 2018 can now be lifted and these factors can be used with immediate effect, including on any stockpiled cases.

The spreadsheet contains the revised TV-in factors which are based on a SCAPE discount rate of 2.4% net of CPI and, where appropriate, a long-term earnings growth assumption of 4.2% pa. The spreadsheet provides replacement TV-in factors for those currently included within GAD's guidance notes for FPS 2015. For FPS 2006 GAD intend to discontinue the factors issued previously and proceed on a case by case basis going forwards.

The impact of the change in discount rate is generally that the TV-in factors are increased, therefore members transferring in will, all else being equal, receive a smaller service credit / pension credit in the receiving scheme.

For the tables above, GAD has adopted unisex factors (using 95% male members and 5% female members) in line with the current membership of the scheme. All of the tables in the spreadsheets are explained in the 'Factor List' tab.

We would be grateful if administrators could undertake some sample calculations using the new factors, which we can forward to GAD to ensure that they have been implemented in line with current guidance. Please send any examples to bluelight.pensions@local.gov.uk.

GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date. The updated tables and subsequent guidance will be made available at <http://fpsregs.org/index.php/gad-guidance> in due course.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.

FPS benchmarking exercise – member survey launched

As readers will be aware, Aon have been commissioned to undertake a benchmarking review of FPS administration in relation to cost and service provided. More information can be found on our dedicated [benchmarking review](#) webpage.

We were delighted to be able to launch the web-based member survey on 21 January and are even more delighted to report that we have already received well over 1,000 responses at the time of writing. The member survey will run until 28 February 2019.

The survey can be accessed at <http://bit.ly/FPS-Memb-Survey> and we are interested to hear from all member stakeholders, whether they be active, deferred, pensioners or dependents.

We are relying on your support to advertise the survey as widely as possible. However, our expectation is that employers and administrators will only contact members where it is efficient and cost-effective to do so. For example: by email, using social media for business such as Workplace or [LinkedIn](#) where available, and existing contact groups and networks for pensioners or other out of trade members. The Scheme Advisory Board do not wish any Authority to incur additional unnecessary expenses in printing or postage costs.

We have produced the attached poster ([Appendix 4](#)) to promote the survey at stations or any other Fire and Rescue Service premises and include some sample text below that can be used to issue the survey link to your members, where email addresses are held. The survey can also be completed via the benchmarking review webpage.

Suggested email text:

FPS administration benchmarking - member survey - action required

The Firefighters' Pensions (England) Scheme Advisory Board in partnership with Aon is undertaking a survey of the service you receive in relation to your pension. They are interested to hear your views on the frequency and quality of information you receive about your benefits. This data will be collected by Aon to feed into a report to benchmark the standard of service across the Firefighters' Pension Scheme in England.

Please complete the survey here: <http://bit.ly/FPS-Memb-Survey>

The survey will take around 5 minutes to complete and all responses are anonymous. The closing date is 28 February 2019.

SAB request for information – deadline extended

As detailed in [FPS Bulletin 15 – December 2018](#), SAB members have been made aware over the past year of increasing concern at FRAs around opt out levels, and difficulties surrounding recruitment and retention of talented and experienced personnel due to potential tax consequences of breaching the annual allowance.

In order to support the Board in presenting a case to the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the scheme, a request for quantitative information was made in December, to support the anecdotal evidence received.

Unfortunately, we have received a limited number of responses, and those that have been received do not support the supposed position. Therefore, we are extending the deadline for responses to 28 February 2019. The SAB would be grateful for your assistance in completing the request for information at [Appendix 5](#). Completed forms should be submitted to bluelight.pensions@local.gov.uk.

Website resource update – ill health

In [FPS Bulletin 14 – November 2018](#), we advertised our new [ill health and injury page](#) for practitioners, containing guidance and training materials along with forms for each scheme that were prepared in 2015 and circulated as drafts for authorities to use if they wished.

Authorities should note that a new version of FPS 1992 Medical Certificate B (deferred pension medical opinion) has been added to the site, incorporating a question to ascertain whether the deferred member is “permanently incapacitated by physical or mental infirmity from engaging in any regular full-time employment”, in order to determine eligibility for immediate payment of Pensions Increase if they are below the age of 55 when the deferred pension comes into payment.

FRAs should also bear in mind that [Rule B5\(4\)](#) was amended by SI 2005/2980 to state that a deferred pension could be paid before age 60 “*from any earlier date on which he becomes permanently disabled for engaging in firefighting or performing any other duties appropriate to his former role as a firefighter*”. Therefore, the member needs to be incapacitated from all the duties of his/her former role, not just firefighting, to be eligible for a deferred award on the grounds of ill health.

Note, that these forms have not been endorsed by the LGA or the Home Office. Authorities should satisfy themselves that the certificates meet all of their requirements and do not leave the opinion open to challenge.

If you require a log-in for the site, please contact bluelight.pensions@local.gov.uk.

SAB cost-effectiveness committee vacancy

We have a vacancy on the [SAB cost effectiveness committee](#) for an HR FRA representative. If you are interested in sitting on this committee, please email clair.alcock@local.gov.uk for further information.

Amendments to FPS (England) consultation response

In [FPS Bulletin 15 – December 2018](#), we reported that the Home Office had launched a [consultation on draft legislation](#) to make changes to survivor benefits in the Firefighters’ Pension Scheme 1992 and the Firefighters’ Compensation Scheme 2006, plus a minor unrelated correction to the Firefighters’ Pension Scheme 1992. The LGA response to that consultation can be found [here](#).

January query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in December.

Other News and Updates

SFGB goes live

After becoming a legal entity in October 2018, the government's Single Financial Guidance Body (SFGB) has now officially adopted its delivery functions.

For the first time, the SFGB consolidates the services offered by the Money Advice Service, TPAS, and Pension Wise. On its [official website](#), the SFGB sets out its five core functions, including pensions guidance, debt advice, and consumer protection.

The SFGB is funded by levies on both the financial services industry and pension schemes. The new body is sponsored by the Department for Work and Pensions, but will also engage with HM Treasury, which is responsible for policy on financial capability and debt advice. The body will also change its name in 2019 as it develops a new outreach strategy, which will include a new integrated service offer and enhanced partnership working with the wider industry, employers and key stakeholders.

Pensions dashboards consultation response

In [FPS Bulletin 15 – December 2018](#), we reported that the DWP had opened a [consultation](#) on pensions dashboards. The Scheme Advisory Board response can be found [here](#).

GAD PSPS newsletter

The Government Actuary's Department has issued the [January edition](#) of its Public Service Pension Schemes newsletter. This is intended to be an informal note to provide regular updates on what is happening within the PSPS area of GAD and to highlight some current hot topics that schemes and other department contacts might be interested in.

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 106 containing important updates and guidance on pension schemes. The following issues are covered:-

[Pension schemes newsletter 106 – 30 January 2019](#): Pension flexibility statistics | Lifetime allowance for 2019 to 2020 | Reporting non-taxable death benefits | Changes to HMRC email addresses | Guaranteed Minimum Pension (GMP) | Relief at source – January 2019 notification of residency status reports | Relief at source – annual return of information declaration | Change of name for the Manage and Register Pension Schemes service | Master Trusts |

Also published this month:

[Relief at source pension schemes newsletter](#) – 17 January 2019

Contracting-out reconciliation update

The following bulletin, containing important guidance and information about the end of contracting out and the scheme reconciliation process, was published by HMRC in January.

[Countdown bulletin 41](#)

Updates include:

- Scheme financial reconciliation update
- Scheme financial reconciliation in scheme cessation
- Contributions Equivalent Premiums
- Resubmission responses

Training and Events

Scheme manager training – new!

New for 2019 is a refreshed training session for scheme managers and pension boards. The training is a five hour session that splits into three, allowing you to decide whether the attendees need to stay for the full five hours. However, as ever, we are happy to provide a bespoke version as you desire. The full programme is a two hour scheme manager training session in the morning, followed by an hour on understanding the results of the recent valuation and the changes that might be made to the scheme as a result, and the transitional protections case, finishing with a two hour pension board session.

The delegates for the scheme manager training should be those who are assigned the scheme manager role under [regulation 4](#), which is the “fire and rescue authority for an area in England determined in accordance with section 1 of the Fire and Rescue Services Act 2004”, those who have a formal delegation of scheme manager under [regulation 5](#), and the local pension board whose role under [regulation 4A](#) is to assist the scheme manager achieve compliance, i.e. ensuring that any delegation in place under regulation 5 is managed properly.

The training is intended to strengthen the relationship between the scheme manager and the pension board, and we have attached an example of both the [scheme manager training](#) delivered in October to South Yorkshire FRA, and the [report](#) that they produced following the training. The aim of these sessions is to give both boards and scheme managers confidence that the scheme is being managed well.

To complement the training package, we have prepared a short factsheet to give guidance on the role of scheme manager. The factsheet is available at [Appendix 6](#), and also can also be viewed on our [factsheets](#) page.

2019 events

We have put together a topical and varied programme of national events for 2019. Details of the dates can be found in the [calendar](#) section of the bulletin.

We will continue to offer bespoke in-house training throughout the year. Each board is entitled to a free annual training session under the statutory levy, which can be utilised on the scheme manager training package above.

For more information or to book a session, please contact us as at bluelight.pensions@local.gov.uk.

Legislation

SI	Reference Title
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2019/29	The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2019
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Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

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FPS Bulletin 17 – February 2019

Welcome to issue 17 of the Firefighters' Pensions Schemes bulletin.

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Midlands regional FPOG	1 March 2019
LGA annual fire conference and exhibition	12-13 March 2019
SAB	14 March 2019
South East regional FPOG	18 March 2019
Data seminar	3 April 2019
LPB effectiveness committee	18 April 2019
Joint Fire and Police governance event	15 May 2019
Administration & benchmarking committee	6 June 2019
SAB	13 June 2019
Ill health and medical appeals seminar	19 June 2019
Firefighter Pensions Technical Community	26 June 2019
Pensionable pay workshop	18 July 2019
Firefighters' Pensions AGM	24-25 September 2019 (provisional)
SAB	10 October 2019
Pensions tax seminar	12 November 2019
SAB	12 December 2019

FPS

Revised Fire (England) factors

Further to the letter issued by the Home Office on 31 October regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided the following replacement factor tables.

[Appendix 1: Trivial commutation](#)

These factors replace those currently in use with immediate effect from 18 February 2019.

The spreadsheet contains the revised factors which are based on a SCAPE discount rate of 2.4% net of CPI increases. The spreadsheet provides replacement trivial commutation factors for those currently included within GAD guidance notes.

We would be grateful if administrators could undertake some sample calculations using the new factors, which we can forward to GAD to ensure that they have been implemented in line with current guidance. Please send any examples to bluelight.pensions@local.gov.uk.

GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date. The updated tables and subsequent guidance will be made available at <http://fpsregs.org/index.php/gad-guidance> in due course.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.

FPS benchmarking exercise – update

As readers will be aware, Aon have been commissioned to undertake a benchmarking review of FPS administration in relation to cost and service provided. More information can be found on our dedicated [benchmarking review](#) webpage.

We are delighted to report that we received a 100% response rate from all administrators and FRAs to the surveys. Aon have now commenced analysis of the responses and are due to present a draft report to the Scheme Advisory Board at their meeting in June. If any data is missing or seems incongruous within a submission, Aon may make a follow up call to the named contact to ensure that the information has been reported as intended.

The closing date for the web-based member survey is 28 February 2019 and we have received an overwhelming response rate of 3,900 at the time of writing. This data will be exported to Aon to include within their analysis. We would like to thank all stakeholders for advertising and promoting the member survey as widely as possible. As member experience is at the heart of good pension administration, it was vital that we obtain data from those at the receiving end, to add to the information we have collated from employers and administrators.

Technical queries

At the meeting of the Firefighter Pensions Technical Community on 12 February 2019, a number of queries were discussed and the outcomes are detailed below:

Scheme pays

Where a tax charge arises which can be settled using a combination of MSP and VSP¹, the group were asked to consider what obstacles there would be to paying the MSP charge within the timescales for VSP.

A combination of MSP and VSP may arise in the following circumstances:

- Where the pensions savings in one scheme is above £40k (therefore qualifying for MSP) but the pension savings in the other scheme is less than £40k and doesn't qualify for MSP, therefore VSP can be used. Please note that whilst this may usually present itself so that the 1992 scheme has a pension input amount of over £40k, using MSP is not limited to the final salary schemes only
- Where the member is subject to a tapered annual allowance between £10k & £40k, MSP could be used to pay the tax arising from a pension input amount over £40k and VSP used to settle the tax bill between £10,000 and £40,000

There is a difference in timings, processes and abilities between using MSP and VSP. A request to use a combination of VSP and MSP potentially means two event reports for a breach over two separate tax years, two payments over two separate financial years for the FRA, and other complex administrative processes.

Each administrator is currently following different procedures, based on instruction from their finance teams. Guidance will be issued on best practice.

APBs for temporary promotion

The group were asked to consider whether a temporary promotion which began before 1 July 2013 should continue to be treated as pensionable pay where the member has been promoted again after that date with no break in service, and is now substantive in the role.

The technical group agreed that any new period of temporary promotion commencing after the introduction of The Firefighters' Pension Scheme (England) Amendment Orders 2013 for FPS 1992² and FPS 2006³, should be treated as a discretionary APB.

However, FRAs should carefully consider the wording of an individual's contract when determining whether to award an APB, as to whether the job is a new role or a continuation of an existing contract. Where an APB is deemed to apply, this would be based on the difference in pay between the original substantive post and the new temporary promotion.

¹ Paragraphs to 56 to 61 - <http://www.fpsboard.org/images/PDF/Bulletin4/Appendix4v2.pdf>

² <http://www.legislation.gov.uk/ukxi/2013/1392/contents/made>

³ <http://www.legislation.gov.uk/ukxi/2013/1393/contents/made>

Contributions on unpaid absence

The group were asked to consider whether a member could be allowed to repay pension contributions on a period of unpaid absence if they do not subsequently return to work.

The relevant scheme rules do not make a specific reference to returning to work or still being an active member.

England	34(3b)	111 (paragraphs 4 & 5)	114 (paragraph 3)
Wales	43(3bi)	120 (paragraphs 4 & 5)	123 (paragraph 3)

The consensus of the meeting was that a former employee should be allowed to repay the contributions, as the regulations do not prevent repayment after leaving. Contributions should be repaid by lump sum within six months of the last day of employment.

Pension sharing on divorce (transitional members)

In [FPS Bulletin 3 – November/ December 2017](#) we informed readers of the following method of calculating a pension credit where the pension debit member is a member of FPS 2015 with transitional entitlement to either the 1992 or 2006 scheme:

Given that eligibility for protection to remain in the final salary scheme applies to members of the scheme only and does not extend to spouses, the CETV should be calculated across the schemes (and the debit calculated from each) but the credit should be applied in the 2015 scheme only.

The pension credit should be based on the value of the whole ESCE (i.e. the shareable value of both the 1992 + 2015 CETV) and the credit should be calculated using the [2015 scheme guidance](#), using the [addendum](#) dated 13th May 2016.

Following an extended period of deliberation and discussion, the Home Office have confirmed that, although this was the original intent of HMT policy and was legislated for within LGPS, there is no equivalent provision within FPS and no intention to amend the regulations at this time.

Therefore, practitioners should implement pension credits in respect of transitional members within the originating scheme, as there would be no legal recourse upon appeal. We are seeking guidance on how to remedy this retrospectively and will provide further updates via the bulletins.

SAB cost-effectiveness committee vacancy

We have a vacancy on the [SAB cost effectiveness committee](#) for an HR FRA representative. If you are interested in sitting on this committee, please email clair.alcock@local.gov.uk for further information.

February query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in January.

Other News and Updates

Public Service Pension Indexation and Revaluation 2019

On 20 February 2019, HM Treasury issued a [written statement \[HCWS1347\]](#) to confirm that public service pensions will be increased from 8 April 2019 by 2.4 per cent, in line with the annual increase in the Consumer Prices Index up to September 2018.

Revaluation for active members of FPS 2015 is applied in line with Average Weekly Earnings up to September 2018. The figure for the earnings element of revaluation is 2.8 per cent.

The treasury has issued a [covering note](#) and [multiplier tables](#) to help scheme administrators correctly apply the annual increase to public service pensions.

The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019

HM Treasury issued a [Written Ministerial Statement](#) on 30 January 2019 stating that the cost cap rectification will be paused pending the outcome of appeals in the Sargeant and McCloud cases on transitional protections.

HM Treasury has now issued new [directions](#) which remove references to the cost cap mechanism, while confirming that public sector employers should continue to pay the contribution rates set by the interim valuation results from 1 April 2019.

The average FPS employer rate from 1 April 2019 is 30.2%. We hope to be able to issue the individual scheme rates imminently.

As previously confirmed, there will be no changes to member contribution rates or the accrual rate at this stage. There will also be no change to the member contribution banding rates, therefore administrators should continue to use the bands that came into effect April 2018.

Contribution rates from 1 April 2018 to 31 March 2019 (percentage of pensionable pay).

Pensionable pay	FPS 1992 and FPS 2006 Special Members
Up to and including £15,609	11.0%
More than £15,609 and up to and including £21,852	12.2%
More than £21,852 and up to and including £31,218	14.2%
More than £31,218 and up to and including £41,624	14.7%
More than £41,624 and up to and including £52,030	15.2%
More than £52,030 and up to and including £62,436	15.5%
More than £62,436 and up to and including £104,060	16.0%
More than £104,060 and up to and including £124,872	16.5%
More than £124,872	17.0%

2.—(1) In the case of a part-time regular firefighter, the pension contribution mentioned in rule G2(1) is the percentage of his pensionable pay ascertained from the Table [in paragraph 3] by reference to the amount of pensionable pay which he would have received had he been a whole-time regular firefighter. [SI 2012/953 [Schedule 8, Part A1, rule 2, paragraph 1](#)]

Pensionable pay	FPS (England) 2006
Up to and including £15,609	8.5%
More than £15,609 and up to and including £21,852	9.4%
More than £21,852 and up to and including £31,218	10.4%
More than £31,218 and up to and including £41,624	10.9%
More than £41,624 and up to and including £52,030	11.2%
More than £52,030 and up to and including £62,436	11.3%
More than £62,436 and up to and including £104,060	11.7%
More than £104,060 and up to and including £124,872	12.1%
More than £124,872	12.5%

2. The amount of pensionable pay of a retained or volunteer firefighter for the purpose of the first column of the Table shall be that firefighter's reference pay.

3. The amount of pensionable pay of a part-time regular firefighter for the purpose of the first column of the Table shall be the amount of pensionable pay of a whole-time regular firefighter of equivalent role and length of service. [SI 2012/954 [Annex A1, paragraphs 2 & 3](#)]

Pensionable pay	FPS 2015
Up to £27,818	11.0%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%

(3) The amount of pensionable pay of a retained or volunteer firefighter for the purpose of the first column of the table must be that firefighter's reference pay.

(4) The amount of pensionable pay of a part-time regular firefighter for the purpose of the first column of the table must be the amount of pensionable pay of a whole-time regular firefighter of equivalent role and length of service. [2014/2848 [Regulation 110, paragraphs 3 & 4](#)]

New Club transfer factors

New Club factors will come into effect from 1 April 2019.

The updated factors calculated using the new SCAPE discount rate for NPAs 55, 60, 65, 66, 67 and 68 can be found at [Appendix 2](#) and have been uploaded to <http://fpsregs.org/index.php/gad-guidance/club-transfers>.

The following process for applying the new factors has been agreed between public service pension schemes:

- where a Club transfer estimate was issued before 1 April 2019 and the option forms are returned within the guarantee period, the payment is made as quoted (i.e. based on the pre 1 April 2019 factors). In turn, the receiving club scheme completes the transfer in based on the club factors used by the sending club scheme (i.e. the pre 1 April 2019 factors), by reference to the calculation date.
- any new estimates from 1 April 2019 or recalculations where the option forms were received outside the guarantee period would be on the new factors (i.e. the new factors effective from 1 April 2019). Again, the receiving club scheme completes the transfer in based on the factors used by the sending club scheme (i.e. the new factors effective from 1 April 2019), by reference to the calculation date.

Britain's exit from the EU

On 24 January 2019, The Pensions Regulator (TPR) published a [statement](#) on the UK's exit from the European Union, aimed primarily at the trustees of defined benefit (DB) pension schemes.

The statement confirms that because UK workplace pensions are largely domestic in nature, TPR does not expect the UK's departure from the EU to have a significant effect in respect of the legislative basis under which schemes operate or trustees' ability to continue to administer their scheme effectively (whether or not the departure is with 'deal' or 'no deal' scenario). However, there are some specific areas that authorities may need to pay attention to and these are detailed within the statement (largely relating to cross border activities and the payment of occupational pensions to EU citizens).

On 15 February 2019, DWP updated two sets of guidance explaining the rights of [UK nationals in the EU](#), and [EU citizens in the UK](#), to benefits and pensions if the UK leaves the EU without an agreement (a 'no deal' scenario).

The guidance confirms in respect of both parties that:

"There is nothing in UK private occupational pensions legislation that prevents occupational pension schemes from making pension payments overseas. We do not expect that this will change as a result of the UK withdrawing from the EU."

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 107 containing important updates and guidance on pension schemes. The following issues are covered:-

[Pension schemes newsletter 107 – 27 February 2019](#): Relief at source | Master Trusts - the closing date for applications for authorisation is 31 March 2019 | Reporting non-taxable death benefits | Managing Pension Schemes – registering as a scheme administrator |

Contracting-out reconciliation update

The following bulletin, containing important guidance and information about the end of contracting out and the scheme reconciliation process, was published by HMRC in February.

[Countdown bulletin 42](#)

This bulletin gives important information and dates regarding scheme financial reconciliation.

Training and Events

2019 events

We have put together a topical and varied programme of national events for 2019. Details of the dates can be found in the [calendar](#) section of the bulletin.

We will continue to offer bespoke in-house training throughout the year. Each board is entitled to a free annual training session under the statutory levy, which can be utilised on the new scheme manager training package advertised in [FPS Bulletin 16 – January 2019](#).

For more information or to book a session, please contact us as at bluelight.pensions@local.gov.uk.

Legislation

SI	Reference Title
2019/159	The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order 2019
2019/192	The Occupational and Personal Pension Schemes (Amendment etc.) (EU Exit) Regulations 2019
2019/262	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2019

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

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FPS Bulletin 18 – March 2019

Welcome to issue 18 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, don't forget to visit the issue and content indexes which are available on the main bulletin page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

Data: Pensions in a digital era	3 April 2019
North West regional FPOG	4 April 2019
Eversheds annual Public Sector Pensions Conference – London	5 April 2019
Eversheds annual Public Sector Pensions Conference – Leeds	12 April 2019
LPB effectiveness committee	18 April 2019
Fire Communications Working Group	29 April 2019
Joint Fire and Police governance event	15 May 2019
Eastern regional FPOG	30 May 2019
Administration & benchmarking committee	6 June 2019
North East regional FPOG	12 June 2019
SAB	13 June 2019
Local Pension Board annual wrap-up session	18 June 2019
Ill health and medical appeals seminar	19 June 2019
Firefighter Pensions Technical Community	26 June 2019
CLASS annual conference: Manchester Holiday Inn	3-4 July 2019
Pensionable pay workshop	18 July 2019
Firefighters' Pensions AGM	24-25 September 2019
SAB	3 October 2019
Pensions tax seminar	12 November 2019
SAB	12 December 2019

FPS

2019 amendment order – SI 2019/378

The Police and Firefighters' (Pensions etc.) (Amendment) (England and Wales) Regulations 2019 [SI 2019/378](#) was laid on 28 February 2019 and comes into force on 1 April 2019. The government response to the consultation can be found [here](#).

A [technical note](#) has been published to confirm the details of the amendment order as it relates to the Firefighters' Pension Schemes. FRAs and local pension boards should take the following action:

1. Ensure they are satisfied that the two pension rule is properly applied.
2. Identify and recalculate any survivor's pension in payment under these rules.
3. Identify and make additional payment to the estate of deceased survivor members who would have had a survivor pension in payment under these rules.
4. Identify and recalculate any CETV calculations (whether for a transfer or divorce) where the value of the survivor's pension was calculated under these rules.

We recognise that scheme records may not be held in such a way that allows the administrator to identify such cases, and therefore a communications exercise will need to take place to all persons or relatives of such persons who may be affected. The communications group will be consulted on the most effective way to communicate this and further advice will be available as soon as possible.

Consolidated versions of rule B5A as amended by this order can be found [here](#).

Revised Fire (England) factors

Further to the letter issued by the Home Office on 31 October regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided the following replacement factor tables.

[Appendix 1: Pension Debit Adjustment and Pension Credit factors](#)

These factors replace those currently in use with immediate effect from 8 March 2019.

The pension credit factors used in each particular case should be those which correspond to those used for the calculation of the Divorce CETV. In particular, if there are any outstanding pension credits to be calculated where a determination has been made using a Divorce CETV calculated on the old factors then they should be processed using the old pension credit factors.

The pension debit adjustment factors contained in this email should be used for all calculations going forward.

We would be grateful if administrators could undertake some sample calculations using the new factors, which we can forward to GAD to ensure that they have been implemented in line with current guidance. Please send any examples to bluelight.pensions@local.gov.uk.

GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date. The updated tables and subsequent guidance will be made available at <http://fpsregs.org/index.php/gad-guidance> in due course.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.

Contribution rates 2019-20

Banded contribution rates were introduced to the Firefighters' Pension Scheme 1992 and the Firefighters' Pension Scheme (England) 2006 by Statutory Instruments [2012/953](#) and [2012/954](#) respectively.

These rates have subsequently been amended each year by an amendment order to the schemes. The most recent amendments¹, which came into force on 1 April 2015, listed the rates applicable from 2015-16 to 2018-19, including contribution rates for Special Members of the Firefighters' Pension Scheme (England) 2006.

The Firefighters' Pension Scheme 2015 was introduced on 1 April 2015 by SI 2014/2848. [Regulation 110](#) set out details rates applicable from 2015-16 to 2018-19.

For 2019-20, FRAs have been instructed that the current rates shall continue to apply, due to the pause of the cost-cap mechanism. The factsheet at [Appendix 2](#) reminds FRAs of the contribution rates set out in the above Regulations and Orders which will apply from 1 April 2019.

Year End update 2019

A factsheet containing relevant thresholds and rate changes is available at [Appendix 3](#).

New factsheet – Additional Pension Benefits (APBs)

A new factsheet on [Additional Pension Benefits \(APBs\)](#) has been published on the [factsheets](#) tab of the FPS Regulations and Guidance website. This factsheet has been prepared to give guidance to FRAs on APBs, and the requirement to make a discretionary determination on whether eligible payments should be treated as pensionable or not.

More detailed information, including the regulatory background and calculation guidance, is available from the [APB](#) GAD guidance page.

ACTION: FRAs should ensure that a policy is in place on the exercise of their discretion, and that any APBs are reported to their administrator in a timely manner.

SAB cost-effectiveness committee vacancy

We have a vacancy on the [SAB cost effectiveness committee](#) for an HR FRA representative. If you are interested in sitting on this committee, please email clair.alcock@local.gov.uk for further information.

¹ [SI 2015/579](#), [SI 2015/590](#)

March query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in February.

Other News and Updates

SFGB renamed

In [FPS Bulletin 16 – January 2019](#), we reported that the government’s [Single Financial Guidance Body](#) (SFGB) had officially adopted its delivery functions and would be seeking a new name for the organisation as 2019 progressed.

The new name has now been confirmed by [The Financial Guidance and Claims Act 2018 \(Naming and Consequential Amendments\) Regulations 2019](#) as the Money and Pensions Service.

PASA data guidance

The Pension Administration Standards Association (PASA), in partnership with ITM, has produced the following [data guidance](#) to help those responsible for running schemes to review the quality of their existing data, and provides guidance on taking any necessary action to ensure that their data meets all stakeholders’ needs.

Once again data quality and record keeping are high on the TPR agenda, with poor administration a key regulatory concern. Over one quarter of all schemes have not measured their data within the last three years, and a further one quarter only measure common data².

DWP launches midlife MOT website

On 21 February 2019, the DWP launched a new website aimed at encouraging people aged 40 or over to take a ‘mid-life MOT’ to assess their finances, wellbeing and career.

In addition to the [mid-life MOT website](#) for individuals, DWP, in association with Business in the Community, has also produced [a guide](#) for smaller companies on how they can provide mid-life MOTs for their staff.

HMRC

HMRC newsletters/bulletins

At the time of writing, there have been no new publications since our February bulletin.

² Pensions Age seminar 15 March 2019: Louise Sivyler, Policy Manager, TPR,

Contracting-out reconciliation update

The following bulletins, containing important guidance and information about the end of contracting out and the scheme reconciliation process, have been published by HMRC in March.

[Countdown bulletin 43](#)

Updates include:

- Pension Scheme Administrator queries
- Pension Scheme Administrator guidance about the end of contracting-out
- Scheme Reconciliation Service process improvements
- reminder of deadlines
- contracted-out statements

[Countdown bulletin 44](#)

This bulletin gives important information and dates regarding scheme financial reconciliation.

HMRC workshops on the Manage and Register Pension Schemes service

On 27 and 28 February 2019, HMRC held workshops on the Manage and Register Pension Schemes service.

The slides from the workshop are attached to this bulletin as [Appendix 4](#).

Training and Events

Data: Pensions in a digital era

We are pleased to invite readers to a data seminar being held at the LGA offices at 18 Smith Square, London on **Wednesday 3 April 2019**, from 10:30 to 15:15.

We know that data is a major focus this year for TPR and pension schemes, but why is data so important in a digital era and what can we do to improve our approach?

We have put together an agenda of industry speakers to reflect on why data is so important for the Firefighters' and Police Pension Schemes and how technology can help us to get it right.

The event is aimed at Fire and Rescue Authorities and Police Authorities including scheme managers and Local Pension Board representatives, pension practitioners and administrators, along with software providers and industry professionals.

There will be sessions on the Pensions Dashboard project, valuation data, data improvement plans, scheme reconciliation, and member communications, as well as an LGA-led workshop on data scoring for TPR. The full programme can be viewed [here](#).

[Book your place now!](#)

Brighton rocks: LGA annual fire conference

The Bluelight team recently had opportunity to attend the LGA annual fire conference and exhibition in Brighton. The event is well attended by those responsible for managing Fire and Rescue Services and their budgets, along with elected members of Fire Authorities, and so provides an excellent opportunity for networking and improving our knowledge of the wider issues affecting Services across the country. We were also able to catch up with the majority of our Scheme Advisory Board employer representative members, many of whom sit on the Fire Services Management Committee (FSMC).



There were thought-provoking keynote sessions on culture, diversity and inclusion; finance, risk, and capacity; the HMICFRS inspectorate programme; and building safety, among others, in addition to a varied selection of workshops. For those interested, the complete slide decks from the two day event can be viewed [here](#).

Legislation

SI	Reference Title
2019/373	The Guaranteed Minimum Pensions Increase Order 2019
2019/374	The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2019
2019/376	The Social Security Revaluation of Earnings Factors Order 2019
2019/378	The Police and Firefighters' (Pensions etc.) (Amendment) (England and Wales) Regulations 2019
2019/455	The Public Service Pensions Revaluation Order 2019
2019/546	The Pensions Increase (Review) Order 2019

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

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Firefighters' Pension Scheme

Technical Note: The Police and Firefighters' (Pensions etc.) Pensions (Amendment) (England and Wales) Regulations 2019 – SI [2019/378](#)

Background

The government opened a [consultation](#) on proposed amendments to the Firefighters Pension Scheme on 18 December 2018. This closed on 29 January 2019 and a copy of the LGA response to the consultation can be found [here](#).

The amendment order is a shared amendment order between the Firefighter and Police Pension Schemes. [Part 3](#) of the order refers specifically to the amendments of the Firefighters Pension Scheme and it is these amendments to which this note refers.

Amendment order [2019/378](#) has now been laid by the house on 28 February 2019, bringing the amendments into force from 01 April 2019.

- SI 2019/378

Part 3 of this amendment order makes minor amendments to the English Firefighter Pensions Regulations

- The two pension rule in the 1992 scheme to ensure the regulation appears as intended.
- Surviving Civil Partner benefits in the 1992 scheme and the compensation scheme to remove the restriction on using membership from April 1988 only in the calculation of a survivors pension for surviving civil partners and same-sex marriage.

Details

Two Pension Rule (B5A)

- Part 3, Chapter 1, rule 13¹ makes minor amendments to rule B5A in paragraphs 2, 6 & 9 of the 1992 scheme. This should not change any practice of calculating and applying the two pension rule.

¹ <http://www.legislation.gov.uk/uksi/2019/378/regulation/13/made>

To see a full consolidated version of this rule with the amendments of SI 2019/378 please click [here](#)

Surviving Civil Partner Benefit amendments to comply with the Walker v Innospec judgment.

- **Civil Partners and Same Sex Marriage – Surviving Partners Pension**

Widely referred to as the '[Walker judgment](#)', this judgment considered the restriction of service within the calculation of the surviving partners pension for civil partners² and same sex marriage³ unlawful.

In respect of the 2006 and 2015 schemes no amendment was needed as there was no restriction of service, but the 1992 scheme⁴ and the Compensation Scheme⁵ restricted the service to be used to calculate a surviving partners pension for a civil partner or same sex marriage from **6 April 1988** onwards only.

As a consequence of the judgment, the restriction on service has been removed retrospectively.

Part 3, Chapter 1, rule 14 to 17, and Chapter 2 [amends](#) the following parts;

- **1992 Scheme**
 - Part C, rules C1, C4, C5, C6 & C8
 - Part J, Rule J1
 - Schedule 1, Part 3
 - Schedule 3, parts 3 & 4
- **Firefighters Compensation Scheme**
 - Part 3, rules 1, 3 & 4

Consolidated versions of these rules will be provided in due course.

This has the effect that Fire Authorities will need to;

- Identify and recalculate any survivors pension in payment under these rules.
- Identify and make additional payment to the estate of deceased survivor members who would have had a survivor pension in payment under these rules.

2 Formed under the Civil Partnership Act 2004 <http://www.legislation.gov.uk/ukpga/2004/33/section/1>

3 Formed under the Marriage (Same Sex Couples) Act 2013
<http://www.legislation.gov.uk/ukpga/2013/30/contents/enacted/data.htm>

4 Rule C5 paragraph 3 <http://www.legislation.gov.uk/uksi/2005/3228/schedule/1/paragraph/7/made>

5 Part 3 - <http://www.legislation.gov.uk/uksi/2006/1811/schedule/1/made>

- Identify and recalculate any CETV calculations (whether for a transfer or divorce) where the value of SUR (Survivors pension)⁶ was calculated under these rules.

Actions for Fire Authorities and Local Pension Boards

1. **Need to ensure they are satisfied that the two pension rule is properly applied.**
2. **Identify and recalculate any survivors pension in payment under these rules.**

Please note under the rules of the compensation scheme, a survivors pension is only paid where the former Firefighter died from the effect of a qualifying injury or of infirmity of mind or body occasioned by a qualifying injury.

3. **Identify and make additional payment to the estate of deceased survivor members who would have had a survivor pension in payment under these rules.**
4. **Identify and recalculate any CETV calculations (whether for a transfer or divorce) where the value of the survivors pension was calculated under these rules.**

We recognise that scheme records may not be held in such a way that allows the administrator to identify such cases, and therefore a communications exercise will need to take place to all persons or relatives of such persons who may be affected. The communications group will be consulted on the most effective way to communicate this and further advice will be available as soon as possible.

Relevant links

- SI 2019/378 - <http://www.legislation.gov.uk/ukxi/2019/378/part/3/chapter/1/made>
- Explanatory Memorandum to SI 2019/378 - http://www.legislation.gov.uk/ukxi/2019/378/pdfs/ukxiem_20190378_en.pdf
- Government response to consultation - <http://www.fpsboard.org/images/PDF/Consultations/HOresponse280219.pdf>
- Policy Equality Statement Dated 28 February 2019 - <http://www.fpsboard.org/images/PDF/Consultations/PES280219.pdf>

Consolidated Rules

• 1992 Scheme

Rule	With tracked SI amendments	Current version
Part B, Rule B5A	Two Pensions	Two pensions

6 Paragraph 3.1.1 of Statutory Cash Equivalent Transfer Values [GAD Guidance](#) dated 27 July 2012

Version

Version number	Date Published
1	25 March 2019

Distribution

Practitioners, Scheme Managers, Local Pension Board Chairs

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London
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Phone: 07958 749056



Request for information

Opting out of the scheme – cause and effect

Introduction

The purpose of this information request is to gain more quantitative data to support the Scheme Advisory Board in their discussions with the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the pension scheme.

The Scheme Advisory Board wish to understand more information on two particular issues:

Opt-out rates from the scheme?

The board are concerned to learn that members opt out of the scheme, and wish to understand if there are any particular drivers for this. Anecdotally the board are told this tends to happen for two particular reasons:

- the first is about affordability of the scheme, particularly in areas where Firefighters are impacted by a high cost of living
- the second is to stop pension growth accruing above the annual allowance limits.

Effect on recruitment and retention

The board have been informed that a fear of breaching annual allowance limits and getting a year on year tax bill is causing Fire and Rescue services problems with recruitment and retention of talented and skilled personnel.

In order to take these issues forward and to fully understand the impact of these two issues on the scheme, the board would like to substantiate these stories with any factual evidence of Firefighters who have:

- Opted out of the scheme due to affordability or pensions tax reasons
- Turned down promotion due to the effect of pensions tax
- Left the fire service or are considering leaving the fire service due to tax reasons

Information Requested

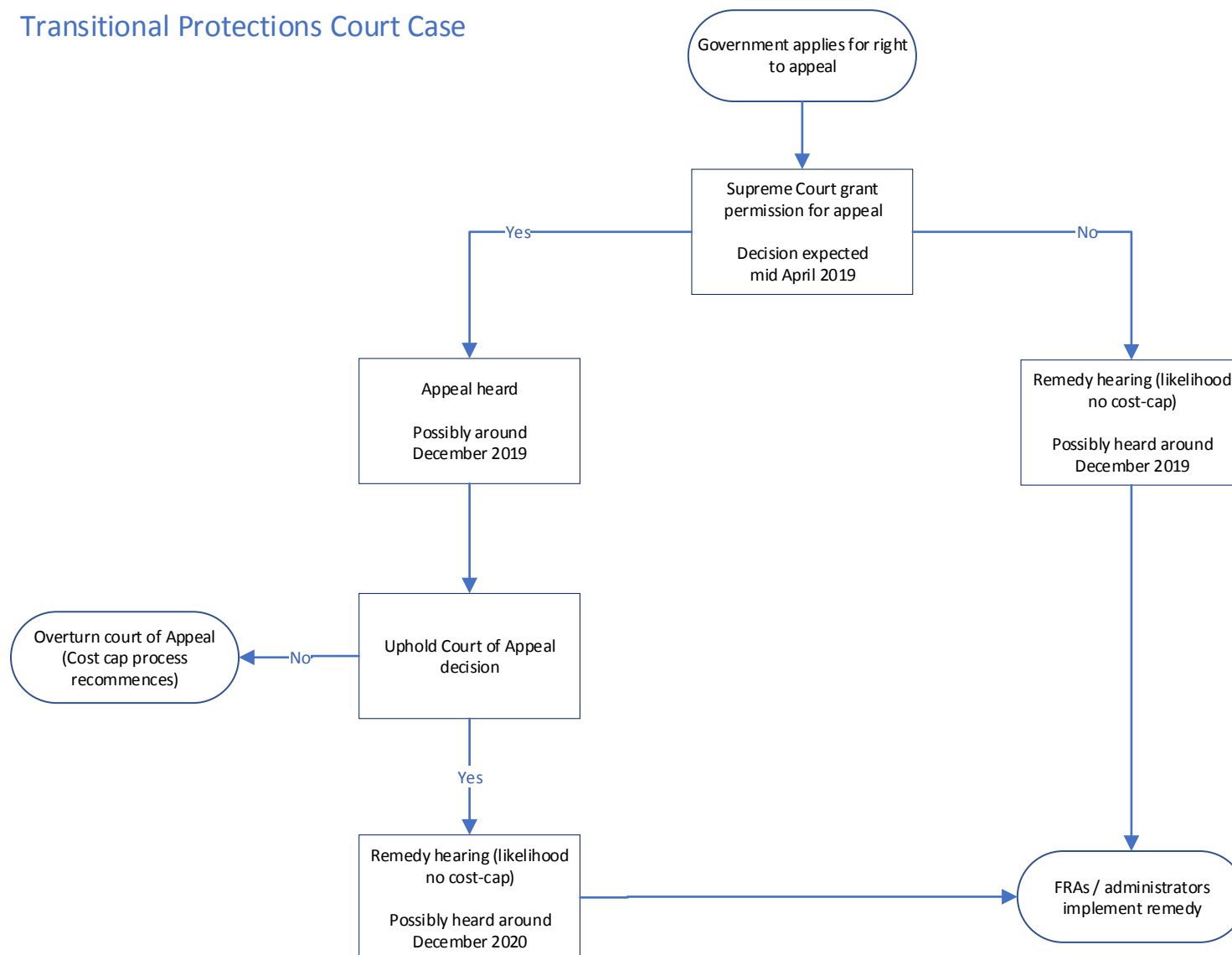
We would be grateful if you would complete the below table and return to bluelight.pensions@local.gov.uk by **31 January 2018**.

Questions about the 2016/2017 scheme year	
How many pension savings statements were sent for your Fire Authority on 6 October 2017	11
Did you have any requests to pay pensions tax via Voluntary Scheme Pays	0
How much pension tax was paid on behalf of scheme members breaching the annual allowance for the scheme year 2016/2017 (This is known as Scheme Pays)	£43,631.39
Do you know of any Firefighter choosing to pay tax themselves	Not Known
Are you aware of any promotion opportunities during the year 2016/2017 that were turned down primarily because of pension tax fears	Not known
How many opt-outs of the scheme did you have in 2016/2017	75
Of those opt-outs did anyone particularly mention affordability or pension tax	Not known
Questions about the 2017/2018 scheme year	
How many pension savings statements were sent for your Fire Authority on 6 October 2018	12
For the scheme year 2017/2018 have you had any requests to pay VSP by 31 January 2019	0
Are you aware of any promotion opportunities during the year 2017/2018 that were turned down primarily because of pension tax fears	Not known
How many opt-outs of the scheme did you have in 2017/2018	70
Of those opt-outs did anyone particularly mention affordability or pension tax	Not known
Finally	
Are you able to identify those have opted-out of the scheme by salary band	No
Do you collect reasons for opting out	No
Are you aware of anyone who has left the Fire Service to work for private sector primarily because of pension tax	Not known
Is there anything else you'd like to tell us about how concern over pension tax is driving behaviour of employees	

Scheme Advisory Board Secretariat

December 2018

Transitional Protections Court Case





Purpose: Noted

Date **26 April 2019**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance Officer

SUMMARY

1. This report provides an update on the development of key items.
2. This report, together with attachments, provides the framework for this meeting agenda.

STATUTORY REPORTING

3. Accounting For Tax (AFT) is the way that tax charges are reported to HMRC. These occur when certain payments are made. For Fire Pension Schemes the most likely charges are:

Payment	When the charge applies
Short service refund lump sum charge	Payable when the scheme refunds contributions to a member who has less than 2 years scheme membership
Annual Allowance charge	Where the member has given the scheme administrator a notice requiring them to pay tax for the member (Scheme Pays election)
Lifetime Allowance charge	This tax is due when the scheme pays a pension to a member and they've used up their lifetime allowance (Scheme Pays election)

4. AFT reporting has very strict deadlines as detailed below

Period when tax arises	HMRC filing date deadline
Q1 - 1 April to 30 June	14 August
Q2 - 1 July to 30 September	14 November
Q3 - 1 October to 31 December	14 February
Q4 - 1 January to 31 March	15 May

5. There are some events which occur in the year and must be reported annually to HMRC, this is called Event Reporting. For Fire Pension Schemes the most likely events to be reported are:

Event	Details of Event to be reported
1	The Scheme made an unauthorised payment
7	Payment of a lump sum that exceeds 25% of the members pot
22	The Scheme automatically issued a Pension Saving Statement

6. Events 1 and 7 typically arise where a member has benefits to be paid from the 1992 scheme, they are retiring before age 59 and they elect to take the maximum scheme commutation, which exceeds HMRC limits.
7. The deadline for submitting event reports is the 31 January following the end of the tax year.
8. The AFT for quarter 3 2018/19 and the Event reports for 2017/18 were submitted to HMRC on 29 January 2019. The table below shows the breakdown of the payments made.

Type of payment	Number of members	Tax year or quarter relates to	Amount paid
AFT - Annual Allowance	5	2016/17	£84,234
Event 1 – Unauthorised payments	6	2017/18	£19,026
Total paid to HMRC			£103,260

9. Up until now, the Annual Allowances charges have always been reported in the Q3 AFT return. But this means that there is a lot of reporting to HMRC required in January each year. From Q4 2018/19 the Annual Allowance charges will be notified, reported and paid in the quarter that the member has made their election.
10. The deadlines for Annual Allowance follow a strict timetable and an example of the 2018/19 year is as follows:

Item	Deadline
Tax year end in which Annual Allowance exceeded	05/04/2019
Pension Saving Statement Issued	06/10/2019
Election for Voluntary Scheme Pays (VSP)	31/01/2020
Payment to HMRC for VSP	31/01/2020
Election for Mandatory Scheme Pays (MSP)	31/07/2020
Payment to HMRC for MSP	31/01/2021

11. Although the deadline to make the payment to HMRC is set at 31 January, there is no reason why these tax charges cannot be paid earlier, as and

when the member elects for Scheme Pays; this is the process that will be adopted going forward.

12. In March 2019 as part of a review of payments made to HMRC and outstanding charges it was found that some payments in respect of the Unauthorised Payments had not been made to HMRC for previous years, although this had been budgeted for.

Type of payment	Number of members	Tax year or quarter relates to	Amount paid
Event 1 – Unauthorised payments	11	2015/16	£32,480
Event 1 – Unauthorised payments	12	2016/17	£58,445
Total paid to HMRC			£90,925

INTERNAL DISPUTE RESOLUTION PROCEDURES (IDRP's) AND BREACHES

13. There has been one IDRP raised since the last Board report. This was a Stage two IDRP for an active firefighter regarding the non pensionable status of his allowance.
14. This was responded to on 12 February 2019 stating that the dispute has not been upheld. They now have a further route of appeal by taking their case The Pensions Ombudsman which they have to do within three years.

COURT RULING AGAINST MID & WEST WALES FRA

15. On 2 October 2018 The Pensions Ombudsman (PO) made a determination ([PO-14863](#)) in relation to 4 cases against Mid & West Wales FRA. This was reported to the Board at the last meeting.
16. The PO found that a Training Allowance paid should be paid as pensionable. The Board will recall that the 10% Training Allowance was made pensionable with effect from 1 April 2017 for substantive roles in HFRA where training is intrinsic to the job.
17. The PO also found that USAR payments should be pensionable. Up to 31 August 2018, members of USAR that had a WDS role, were paid for their USAR work by way of a 20% pensionable allowance on their WDS role. With effect from 1 September 2018, this 20% allowance has ceased and their USAR work is now under a separate RDS contract, where they can elect to remain a member of the pension scheme or not in this role.
18. The case also looked at day crewing and self rostered crewing and the PO found that these were not pensionable.

19. The PO decision was appealed and on 29 March 2019, the High Court made a ruling which states that they are entitled to increased pensions if they earn additional allowances for working extended hours or additional duties. The court found that allowances for training and for additional shift arrangements are pensionable.
20. The 4 firefighters in Wales who won their cases on 29 March 2019, are regularly paid an additional allowance for working additional anti-social hours in the Fire Authority's training school or for accepting shift systems up to 42 hours longer than the standard contracted hours. This does not relate to Overtime payments as has been reported so far by FBU and other pension publications
21. Mid & West Wales FRA argued that the arrangements were not pensionable, because the arrangements were not permanent and could not be structured into pension payments because of the irregularity of the work; they could be ceased at any time.
22. However, the court ruled that the payments were regular, even if they could be revoked in the future, and thus qualify for pension benefits.
23. The authority has now been ordered to pay retrospective pension contributions, but they are considering whether they are going to appeal this ruling.
24. At the time of writing this report, the full judgement was not publicly available and therefore it's not possible to confirm whether HFRA will have any actions or not as a result of this.

COMMUNICATION

25. The Employer Pension Manager gave a presentation on the pre-retirement course on 27 February 2019, the next one is on 8 July 2019.
26. She has also given a pension presentation at Rushmoor Fire Station on 19 March 2019, although this had to be cut short as the watch received two callouts during the presentation. There are no further presentations at stations scheduled.
27. There will be a presentation to new recruits at SHQ on 26 June 2019.
28. The Employer Pension Manager attended the Fire Technical Group meeting on 12 February 2019 and the South East regional Fire Pension Officers Group meeting on 18 March 2019.

29. The Employer Pension Manager and the Finance Transformation Manager also attended a regional session of Scheme Manager training on 29 March 2019 and the Data Seminar put on by LGA on 3 April 2019.
30. The Scheme Manager training was useful and the Board will be pleased to note that compared to other FRAs that attended, HFRA has got most items and issues covered and are actually in a good place. A combination of the support from LGA including the monthly bulletins and the technical notes they issue, along with the role of the Employer Pension Manager means that there are excellent processes in place to ensure that pension issues are captured and actioned. The questions that were raised can be found in APPENDIX A.
31. The Data Seminar was also a useful event to attend. There were presentations from
- Each of the three main pension software providers, Aquilla Heywood, Civica and Equiniti on various data issues.
 - GAD about data in the valuation,
 - ITM about how they worked with the Civil Service Scheme to correct data.
 - DWP about Pension Dashboards.
32. Member Portal for Fire Pension Schemes went live on 1 April 2019. This was also the date of Member Portal go live for West Sussex LGPS and Fire and due to the increased volume of workload for Pension Services, we have agreed that communications to advertise this will not be publicised until May 2019.
33. The new online service means that firefighters will no longer receive Annual Benefit Statements directly to their home address and instead will be expected to logon to view them. Members will be able to update personal details, death grant expression of wish nominations (where applicable) and use the secure messaging system to contact Hampshire Pension Services.
34. Details of the number of members that have signed up will be included in the next Board report.

PENSION BOARD MEMBERSHIP

35. The resignations of two board members at the last meeting meant that there was a vacancy for both an employer and employee representative.
36. A representative has been identified for the employer board member, the post holder was ratified by the full Fire Authority on 3 April.
37. The post for the employee board member was advertised in Routine Notice with a closing date of 15 April; at the time of writing this report one application

has been received. It is anticipated that the post holder will be ratified by the full Fire Authority on 3 June.

PENSION BOARD TRAINING

38. LGA are offering a Pension Board Wrap up training session on 18 June 2019 which will be held at LGA offices, 18 Smith Square, London. This is essential training for new Board Members and places will be reserved for them when booking is available for this event. If any other Board members would like to attend details can be forwarded.
39. Alternatively, the Board may wish to consider asking for a session to be delivered from LGA directly as there is an entitlement to one session per year.
40. The Board should note that the tPR liaison team that were responsible for providing presentations to Local Pension Boards has now been disbanded and the opportunity to have tPR attend a Board meeting is no longer an option.

INJURY PENSIONS AND DWP BENEFITS

41. The Board will recall that the Employer Pension Manager wrote to the 89 pensioners in receipt of an injury pension from HFRA on 7 November 2018. The letter asked each member to confirm whether they were in receipt of any relevant additional benefits from the DWP.
42. At the last Board meeting, it was reported that only 27 had not yet replied and the Employer Pension Manager wrote to those members with a more firmly worded letter on 16 January 2019.
43. Responses were received from all but 5 members. Upon further investigation of these records, it was possible to complete these cases as either they were:
 - Receiving a lifelong award from the DWP and we were already deducting it from their injury pension
 - They had previously confirmed that they were not entitled to anything
 - They were aged 90 or older

Number of letters sent	89
Number of replies received	84
Of the total cases	
Number not in receipt of DWP benefits	67
Number in receipt of DWP benefits	22
Of those in receipt of DWP benefits	

Number already have correct amount deducted from injury pension	15
Number that were queried with the DWP	5
Cases outstanding	0
Number of recalculations required	0

44. There were 5 queries that had to be raised with the DWP and upon receipt of their reply it was possible to close these cases with no further action necessary.
45. The exercise has resulted in no recalculations necessary, no overpayments and no underpayments.
46. Based on the results of this review, the Board are asked to consider what an appropriate interval would be for any further reviews.

SCHEME SPECIFIC CONDITIONAL DATA

47. The Scheme Return for last year, issued by The Pension Regulator (tPR), asked for details relating to scoring of Common and Conditional Data. The Board may recall from the last meeting that the scoring for the Scheme Specific (Conditional) Data had been compiled by Hampshire Pension Services from a variety of reports.
48. The scores reported for the Scheme Specific Conditional Data were 97% or higher which although is good news, the scoring was based on data held purely on the Pensions Administration system, UPM, and was based on the presence of data necessary for the Valuation.
49. The scoring did not take account of any Scheme Specific Conditional Data that may be held by the Employer, nor did it provide any check on whether Employer held data has been passed to Pension Services and is held by them accurately.
50. The scoring has had to be determined locally by each FRA / pension administrator as there is no agreement over what should or should not be included as Scheme Specific Conditional Data. Nationally this has caused a lot of confusion and means that the scores are very subjective and FRAs cannot reasonably be compared against each other.
51. The LGA are looking to put together a focus group to try and come up with a set of tests that can be applied along with some guidance. The Employer Pension Manager has volunteered to be part of this group.

EMPLOYER CONTRIBUTIONS

52. The Board will recall from the last meeting that a reduction to the SCAPE discount rate from 2.8% to 2.4%, meant that from April 2019 there will be an increase in employer pension contributions.
53. The last Board report stated that the Government had confirmed that for 2019/20 they will be providing £98.5m of specific grant funding to support FRAs in England with the unexpected increase and that HFRA would be receiving £2.95m to cover the additional costs; this was based on an average employer cost of 30.2%.
54. The increases in employer contribution rates for each scheme have now been confirmed by Government Actuary Department (GAD) as follows

Employer contribution rates	1992 Scheme % pay	2006 Scheme % of pay	2015 Scheme % of pay
2012 Valuation (01/04/2015-31/03/2019)	21.7%	11.9%	14.3%
2016 Valuation (01/04/2019-31/03/2023)	37.3%	27.4%	28.8%
Increase from 2012 to 2016 Valuation	15.6%	15.5%	14.5%

55. As at March 2019, there were 118 members still active in the 1992 Scheme, 58 members in the 2006 and 2006 Modified Schemes and the bulk of active members, 1,051 are in the 2015 Scheme.
56. HFRA already had £0.4m in the Medium Term Financial Plan (MTFP) for employer contributions and it was estimated that with an average 30.2% increase in employer contributions HFRA would need an additional £2.718m, making the employer contributions for 2019/20 approx. £3.12m. The grant from the Government of £2.95m would therefore cover around 95% of the cost of the employer contributions, as promised by the Government.
57. After the actual employer contributions were confirmed, the estimate calculations were repeated and it was found that the increase will be approx. £3.7m which is around. £0.6m more than allowed for in the budget.
58. The treasury commitment was to fund all costs to FRAs above £10m, therefore if the total cost has changed as a result of the valuation being finalised, any additional pressure is expected to still be funded by government and the distribution method will be amended to recognise this. Home Office and GAD will be in touch as soon as the relevant calculations have been completed. Costs for FRAs are now expected to be in the region of £125m and therefore Treasury has agreed to fund approx. £115m, although final confirmation of this is still awaited.

FLOW OF EMPLOYER CONTRIBUTIONS

59. When payrolls are run, the employer contributions are generated and they are posted to the operating account. The pension fund operating account is not an actual account, it is simply a place in SAP to hold the relevant amounts which includes the employers contributions. Income and expenditure can only be coded to this account in line with the Home Office guidance.
60. If there is a deficit on the pension fund account, the Home Office will send us a top-up grant to make up the difference. In the theoretical situation we have a surplus, we would pay this over to the Home Office.
61. Where a member has less than three months membership, this is refunded via payroll and therefore the employer contributions would be a reverse of entries made previously.
62. Where a member has more than three months membership, but less than two years membership and is entitled to a refund, the employer contributions are not reversed as this does not go through payroll. This type of refund does not happen very often, only one case so far in 2018/19.

GMP SCHEME RECONCILIATION

63. The deadline for completing the GMP Scheme Reconciliation was 31 December 2018. However, HMRC required all queries to be raised with them by 31 October 2018.
64. HMRC have substantial delays in replying to queries raised and anticipate that they will complete the process by 30 June 2019. Therefore it is not possible for funds to know the absolute final position until HMRC have replied to all enquiries.

COMBINED FIRE AUTHORITY

65. If the Combined Fire Authority between Hampshire and Isle of Wight gets approval from the secretary of State and goes ahead then there will be some pension implications that will need to be considered.
66. There are currently local decisions and policies made by each FRA e.g. Temporary Promotions, Injury pension review against DWP benefits and reviews of any injury award granted, pensionable allowances. New decisions will have to be taken and new policies formed in respect of the Combined Fire Authority.
67. As part of the set up for a Combined Fire Authority, we will need to constitute a new Fire Pension Board. Which will mean reviewing the Terms of Reference and the structure of the Board.

68. There will also need to be a detailed data migration plan to transfer the pension records from IOW to Hampshire Pension Fund and a separate plan to transfer the payroll records to the Shared Services IBC.
69. The timescales for everything relating to the transfer to the Combined Fire Authority will be tight as we do not expect a decision from the Secretary of State until the autumn.

RECOMMENDATIONS

70. The Board are asked to endorse an appropriate interval for any further reviews of injury pensions and DWP benefits as set out in paragraphs 41-46
71. The Board are asked to note the content of this report

APPENDICES ATTACHED

72. APPENDIX A – Scheme Manager questions

Contact:

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01962 845481

Scheme Manager Training

The following matrix is provided for you to complete following the scheme managers training session.

Question	Yes	No	Comments	Actions
Question One				
Is there a clear scheme manager delegation?				
Is that delegation monitored?				
Are the risks understood by the Fire Authority?				
What filters do you have in place to catch actions?				
Question Two				
How do you implement new processes?				
Are you confident in your administrator relationship? - I.e SLA set at the right level? - What feedback do you get from your administrator?				
Managed scheme reconciliation process and records now rectified?				
What was your data score - Common Data Score - Conditional Data Score				
What are your priorities for the coming year?				
Are IDRPS managed effectively				
How confident are you that risks are managed?				

When would the FRA (as scheme manager) be expected to be notified of a breach				
How does your pension board assist you?				
Question Three				
How comfortable are you that processes are in place for				
- Eligibility to scheme				
- Pensionable pay decisions understood and made correctly				
- Scheme discretions such as temporary promotion				
- Data to be shared with administrators on time and accurately				
Question Four				
Do you have any tax challenges?				
Confident in Annual Benefit Statement process				
Confident that actions are taken appropriately following amendment orders?				

Next Steps

Scheme Manager Training Received on:

Comments on any actions taken

Question 1	
Question 2	
Question 3	
Question 4	

Follow Up:

Follow up due on :