



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Date **19 October 2018**

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 three bulletins issued since the last Fire Pension Board. The bulletins are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website.
3. Bulletins 10-12 can be found in APPENDICES A,B & C. There is a lot of information contained within these bulletins; the key items are set out below.

ELIGIBILITY TO THE FIREFIGHTERS PENSION SCHEME (BULLETIN 10)

4. A new factsheet has been published which can be found in APPENDIX D. The Pension Board can be assured that the Scheme Manager is complying with the scheme rules and that the rules on eligibility are being applied correctly.

DEFERRED BENEFIT STATEMENTS (BULLETIN (10))

5. The Scheme Manager can confirm that Deferred Annual Benefit Statements are produced each year for deferred members of all Fire Pension Schemes. These are currently issued to the member home address.

2006 SPECIAL MEMBERS TAX RELIEF (BULLETIN 10 & 11)

6. HMRC sent out requests to all FRAs. The data required was regarding special members of the 2006 scheme (the Modified Fire Pension Scheme) and the relevant details about tax relief that they may or may not have had.
7. This information has been requested as HMRC are having difficulty calculating the appropriate amount of tax relief for individuals when claims are made to HMRC.
8. The Pension Board will be pleased to note that the Employer Pension Manager pulled together all the necessary information and submitted this to HMRC by the deadline of 21 September 2018.

TPR SCHEME RETURN 2017/18 (BULLETIN 11)

9. TPR have issued the Scheme Returns for 2017/18 with a deadline of 6 November 2018. The Scheme Manager will ensure that these are completed as necessary, which will include the first measure of common and conditional data scoring.

ANNUAL ALLOWANCE STATEMENTS (BULLETIN 11)

10. The annual event reporting that HMRC require is now carried out by the Scheme Manager. This includes information about those members that have been provided with an Annual Allowance pension savings statement.
11. There are processes in place to ensure that the information is provided by Hampshire Pension Fund to the Scheme Manager at the relevant time and this is then submitted online to HMRC.

ABS SURVEY (BULLETIN 11 & 12)

12. A survey of the 2018 ABS process has been developed with the collaboration of SAB and the Local Pension Board Effectiveness Committee. The link to the survey can be found on the [SAB website](#) and responses can be given from all Board members, the scheme administrator, the scheme manager and other relevant parties.
13. The deadline for completing this survey is 31 October 2018 and all Board members are encouraged to complete this survey. Information about ABS' produced can be found in the Pension Administration performance report.

2018 AMENDMENT REGULATIONS

14. The Police and Firefighters' Pensions (Amendment) Regulations 2018 (SI 2018/997) was laid on 13 September 2018 and came into effect on 8 October 2018.

15. LGA have prepared a technical note which sets out the amendments that affect the Fire Pension Schemes, this can be found in APPENDIX E.

TWO PENSIONS RULE AND INDEXATION

16. The 2018 Amendment legislation provides clarity to the Fire Pension Schemes that the pension is to be indexed by an amount “equivalent” to Pensions Increase. This is important because it means that the payment is not subject to the Pensions Increase Act’s qualifying conditions, e.g. not paying Pensions Increase on a pension until the member’s 55th birthday.
17. Hampshire Pension Services have identified 4 cases that this legislation would apply to and these are being recalculated to ensure that the first pension has the “equivalent amount of Pensions Increase” added to it, but then there will be no additional increases until age 55.

NOMINATED CO-HABITING PARTNERS

18. This has come about due to the Supreme Court judgement in the case of Brewster. The legislation has been amended as it is not now a requirement of the 2006 Fire Pension Scheme to have a nomination form in the case of a co-habiting partner.
19. Best practice would still be to request that forms are completed as this helps the Fire Authority exercise its discretion quickly in order to pay the survivors pension.

BORDER TRANSFERS

20. Prior to the 2018 amendment regulations, if a firefighter with 1992 scheme benefits completed a border transfer to England from Northern Ireland, Wales or Scotland, the legislation implied that benefits had to be transferred into the 2006 Fire Pension Scheme. The 2018 amendment regulations clarify that in these circumstances, benefits can be transferred into the 1992 Fire Pension Scheme.

VOLUNTARY SCHEME PAYS (VSP)

21. The Home Office and The Scheme Advisory Board agree that there is not a requirement to legislate for VSP as FRAs already have the discretion to exercise VSP.
22. The Board may recall that this topic was discussed at the Pension Board meeting in July 2017 where the Board supported the recommendation to use VSP for any affected HFRS employee.

FIRE PENSION SCHEMES 2016 VALUATION

23. On 6 September 2018, Her Majesty's Treasury published their draft Directions for the 2016 valuation for comment. For the firefighter pension schemes in England this means that a) the scheme is likely to breach the cost cap floor and that b) there will be a significant increase in employer contribution rates from their current levels.
24. The Government Actuary Department have produced a technical note which can be found in APPENDIX F.
25. A consultation meeting between SAB, the Home Office and Government Actuary Department took place on 3 October 2018.

BENCHMARKING EXERCISE

26. SAB are keen to ensure the cost effectiveness and efficiency of the Fire Pension Scheme. This will enable them to provide advice to scheme managers and local pension boards in relation to effective and efficient administration and management.
27. SAB undertook a procurement exercise for an organisation to undertake a benchmarking review and Aon were the successful bidder,
28. There will be surveys issued to administrators, scheme managers and scheme members. The survey questions are being finalised in consultation with LGA and SAB's administration and benchmarking committee.
29. At the Fire Technical meeting in September, which the Employer Pension Manager attends on behalf of the South East Fire Pension Officers Group; there was a lengthy discussion about the types of questions that will be asked and to whom the survey would be sent. The notes from this meeting can be found in APPENDIX G.

RECOMMENDATION

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

APPENDICES ATTACHED

31. APPENDIX A - FPS Bulletin 10 – July 2018
32. APPENDIX B - FPS Bulletin 11 – August 2018
33. APPENDIX C – FPS Bulletin 12 – September 2018
34. APPENDIX D – Eligibility to join factsheet
35. APPENDIX E – LGA Technical note 2018 Amendment Regs
36. APPENDIX F – GAD Technical note valuation
37. APPENDIX G – Meeting note re benchmarking

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