



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

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