



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Firefighters' Pension Board

Purpose: Noted

Date: **14 OCTOBER 2021**

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

Report of Chief Financial Officer

SUMMARY

1. This report, together with attachments, provides the framework for this 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 report. The bulletins are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website.
3. Bulletins 46, 47 and 48 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.

IDRP DATA REQUEST UPDATE (BULLETIN 46)

4. Thirty four FRAs submitted data, of which nine reported a nil return, Hampshire FRA was one of these; IOW FRA had one IDRP that went through both stages.
5. Out of the 25 FRAs that had IDRPs, there were 57 Stage One appeals, with 14 being upheld in the member's favour and 22 cases went on to a Stage Two appeal.

6. The number of IDRP's raised across the sector is low, with pensionable pay being the most common reason for dispute and Ill Health disputes coming a close second.
7. The survey also revealed that there had been increases in the number of disputes raised in relation to special members and the age discrimination remedy.

TPR 2020-21 GOVERNANCE AND ADMINISTRATION SURVEY (BULLETIN 47)

8. On the 1 July 2021, TPR published the results of its 2020-21 Governance and Administration survey. The report can be found on the Fire Regulations website.
9. The survey shows that despite the Covid-19 pandemic and the need for everyone to move to working from home, that 83% of active Fire Pension Scheme members across the sector, received their 2020 ABS by the deadline of 31 August 2020. This is a real success story during what was an incredibly difficult year for many reasons.
10. The report also highlighted that 74% of Fire Pension Schemes who responded to the survey have all six key TPR processes in place; this is a significant increase up from 55% in 2019.
11. The report is being considered by the Local Pension Board Effectiveness Committee and they will make recommendations to the SAB on any actions needed.
12. TPR have confirmed that due to timings and resources, the survey will not be run for 2021-22.

SCHEME PAYS REPORTING (BULLETIN 47)

13. HMRC are intending to extend the election and reporting deadlines associated with Mandatory Scheme Pays notifications in cases of retrospective action. The legislation change will have effect from 6 April 2022 but will be retrospective from 6 April 2016.
14. This measure focuses on changes to the Scheme Pays process that apply when an individual asks their pension scheme to pay an annual allowance charge in relation to an earlier tax year, and when the pension scheme administrator must report and pay that annual allowance charge to HMRC.
15. Currently a member can only elect for Mandatory Scheme Pays if their election is made by 31 July in the year following that in which the tax year ends (e.g. 31 July 2022 for tax year ending 6 April 2021); This deadline will remain, but where a retrospective amendment is needed and it is within a 6

year period, then the member will have three months from receiving the information to make their election.

16. This measure will also extend the deadline for when the scheme administrator must report and pay the annual allowance charge, so that the deadline for paying the charge relates to when the scheme administrator is notified of the charge, rather than a fixed period after the end of the tax year.

SAB RESPONSE TO PENSIONS DASHBOARDS STAGING CALL FOR INPUT (BULLETIN 47)

17. The Pensions Dashboard Programme is moving forward, and this aims to have a “portal” that individuals can enter and see details of their all of their pensions, regardless of whether they are personal or occupational pensions, defined contribution or defined benefit schemes all in one place.
18. In principle this is a great idea as lots of people move jobs and may have several pensions over the course of their career and some lose track of what they have. But the size of the task, the sheer number of pension schemes involved along with the practicalities, security and IT infrastructure required to create something so large and yet successful is definitely a challenge for the pension sector as a whole.
19. The Programme had a call for input from Pension Schemes and other stakeholders about the staging of onboarding of various scheme types. It proposed that public service schemes join the dashboard within a two year period starting from April 2023.
20. The SAB provided a response to the call for input and in summary stated that the staging for the Firefighters Pension Schemes should only be after the age discrimination remedy has been implemented, and the first set of Annual Benefit Statement issued successfully in autumn 2024.

SAB REPSONSE TO HMT CONSULTATIONS (BULLETIN 48)

21. HMT published two consultations, one on the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate methodology, which is used to set the employer contribution rates. The other was on the cost control mechanism. Whilst HIWFRA did not provide a response individually to these consultations, the SAB did.
22. HMT suggested two proposals for the SCAPE discount rate, broadly these were in line with long term Gross Domestic Product (GDP) growth, which is the current approach, or in line with Social Time Preference Rate (STPR) which is the method used prior to 2011.
23. The SAB concluded that the GDP based approach has proven to be a bit unstable over the past few years causing large increases in employer

contributions and that presently, an approach based on STPR would be more desirable. The STPR has remained at 3.5% for the past 20 years and would provide for a SCAPE discount rate of around 2.4%. Keeping the SCAPE discount rate at the same level is desirable; but should there be any modification to the STPR then the interaction with pension schemes should be reviewed.

24. HMT consulted on three changes to the cost control mechanism; the first was moving to a reformed scheme only design to remove any allowance for legacy schemes in the cost control mechanism so that it only considers past and future service in the reformed schemes. The second was to widen the corridor from 2% to 3% of pensionable pay. The third is to introduce an economic check in that where a breach occurs to determine if it would have still occurred had the long term economic assumptions been considered.
25. The SAB concluded that the reformed scheme only option provided a reasonable compromise between the need to balance the risk between scheme members and the Exchequer and the objective to create a more stable mechanism; and that using a reformed scheme only design reduces the intergenerational unfairness.
26. Whilst the SAB supports the widening of the corridor, there are concerns over it being fixed at 3% for the Fire Pension Schemes as the cost corridor is proportionately narrower for these schemes than other public sector pension schemes.
27. The SAB expressed concerns about the value of introducing an economic check because if the cost control mechanism is moved to a reformed scheme only, and the corridor is widened to 3%, then breaches can reasonably be expected to occur once every 40 years. The SAB was concerned that introducing an economic check would make the process less transparent and could be viewed as a fundamental change to the cost control mechanism.
28. The SAB consultation responses can be found on the Board website www.fpsboard.org.

LGA UPDATE ON PSP&JO BILL (BULLETIN 48)

29. The Home Office have provided a more tailored version of the central FAQs for the Fire Pension Scheme, this is an expansion of the original FAQs that were issued in February 2021.
30. The LGA have provided an update on the Public Service Pensions and Judicial Offices (PSP&JO) Bill and what this means for the Fire Pension Schemes. The update comments on the main provisions of the Bill and looks in particular at the effect for transition members,

MANAGING PENSION SCHEMES SERVICE (BULLETIN 48)

31. Currently, to submit the Accounting for Tax returns and the annual Event reporting information to HMRC this has to be done online via the Pensions Schemes Online Service. HMRC are changing this service to the Managing Pension Schemes Service (MPS).
32. This requires all organisations to enrol on this new service and this enables the correct pension schemes to be attributed to the user.
33. This process was successfully completed in September 2021 for Hampshire & IOW FRA. The new service is expected to be in use from next year.

CLAIR ALCOCK LEAVES THE TEAM (BULLETIN 48)

34. Clair Alcock left the post of Senior Firefighter Adviser (bluelight team) at the LGA on 3 September. She has taken up a new post as Head of Police Pensions for the National Police Chiefs Council (NPCC) from 6 September 2021.
35. Claire Hey has been appointed as Clair's successor and as such LGA have advertised for a Firefighters Pensions Adviser with closing date of 8 October and interviews week commencing 18 October 2021.
36. The plan is to split Claire's old role into two, one to be on the employer side liaising with administrators and FRAs which is the post that is being advertised. The other will be more of a governance role taking on the secretariat duties and dealing more with Local Pension Boards and the SAB and the SAB committees. This post will need funding and is yet to be approved.
37. Due to resource constraints, Claire has advised that she will be scaling back on training and meetings until her replacement is in place.

RECOMMENDATION

38. That the content of the report be noted by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

- 39. APPENDIX A - FPS Bulletin 46 (June 2021)
- 40. APPENDIX B - FPS Bulletin 47 (July 2021)
- 41. APPENDIX C – FPS Bulletin 48 (August 2021)

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