



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

Purpose: Noted

Date: **25 JANUARY 2022**

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 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 49, 50, 51 and 52 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.

RESOURCES ON MEMBER WEBSITE (BULLETIN 50 & 51)

4. Updates to the www.fpsmember.org website have taken place. There is now a section on 2015 Remedy which provides background to the remedy and also a series of FAQs which have been agreed by the Fire Communications Working Group. The A-Z of pension terms has also been expanded significantly to try and aid understanding for members.

HM TREASURY RESPONSE TO COST CAP CONTROL CONSULTATION (BULLETIN 50)

5. On 4 October 2021, HM Treasury published its response to the cost control mechanism consultation. The Government is proceeding with its three proposed options for reform, to recap in summary these are:
 - (a) Reformed scheme only design so the mechanism considers only past and future service in the reformed schemes
 - (b) Widen the corridor from 2% to 3% of pensionable pay
 - (c) Economic check
6. The Government is aiming to implement all three reforms for the 2020 Scheme valuations. The reformed scheme only design and economic check will be introduced through primary legislation. The widened cost control will be provided for in scheme regulations (secondary legislation).

PUBLIC SERVICE PENSIONS VALUATION AND EMPLOYER COST CAP DIRECTION (BULLETIN 50)

7. In February 2019, HM Treasury paused the cost cap element of the 2016 valuations due to the uncertainty regarding the cost of the McCloud age discrimination case. There is now sufficient certainty regarding the costs and this direction allows schemes to conclude the 2016 valuations.
8. The Government stated in a written statement in February 2021 that early estimates indicated that some schemes could breach the cost ceiling when the valuations were finalised. The Government has decided that any impact on member benefits will be waived as the mechanism may not have been working as intended.
9. They have also confirmed that any changes to employer contribution rates resulting from the 2020 valuations will be delayed to April 2024.

LEGAL CHALLENGE ON COST CONTROL CONSULTATION RESPONSE (BULLETIN 51)

10. Unions across the public sector have launched a judicial review against HM Treasury about including McCloud remedy costs in the cost control mechanism. The unions argue that the cost of rectifying discrimination should not be met by scheme members. There are not currently any timescales available for this but the court action is likely to take several months to conclude.
11. The provisional results of the 2016 cost cap valuation showed that all public service schemes were cheaper than expected. This would have led to a

reduction in contributions or improvements in benefits from April 2019 had the cost control process not been paused.

FINANCE BILL UPDATE (BULLETIN 51)

12. On 2 November 2021, HM Treasury (HMT) formally introduced the Finance (No.2) Bill 2021/22 to Parliament. The Bill includes several provisions that may affect the administration of the Fire Pension Schemes.
13. Clause 9 makes changes to annual allowance scheme pays deadlines. This extends deadlines for both the member to elect for Scheme Pays and for the administrator to make payments to HMRC. This will primarily be utilised in cases of McCloud remedy where Annual Allowances are exceeded in a prior year.
14. Clause 11 provides HMT with the power to make regulations to address tax impacts from McCloud remedy. This will primarily affect retrospective McCloud remedy for retired members who have retired more than 12 months ago. This will allow the payment of any additional commutation lump sum to be treated as an authorised payment rather than an unauthorised payment. Unauthorised payments attract a tax charge and the Finance Bill aims to remove this for these members.

VACANCY ON SAB SUB COMMITTEE (BULLETIN 51 & 52)

15. The Scheme Management and Administration (SMA) Committee has a vacancy for an FRA Local Pension Board member. The main objectives of the committee are to provide guidance to the SAB to understand the value and cost of the administration and to consider how scheme managers and administrators can best be supported by identifying best practice.
16. The required commitment is usually three to four meetings per year and these are currently virtual meetings. This is a great opportunity for a board member to become more involved with governance at a national level and represent the views of the sector. If any Board member is interested in this or wants to know more then they should email the LGA via the Bluelight inbox: bluelight.pensions@local.gov.uk

APPOINTMENT TO LGA BLUELIGHT TEAM (BULLETIN 52)

17. After a successful recruitment campaign, Claire Johnson has been appointed to the role of firefighters' pension adviser in the Bluelight Team at the LGA. Claire is currently the pension manager at West Yorkshire FRA and will bring a wealth of experience to the team and support to Claire Hey. Claire will take up her new post on 24 January 2022.

RECOMMENDATION

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

APPENDICES ATTACHED

19. APPENDIX A - [FPS Bulletin 49](#) (September 2021)
20. APPENDIX B - [FPS Bulletin 50](#) (October 2021)
21. APPENDIX C – [FPS Bulletin 51](#) (November 2021)
22. APPENDIX D – [FPS Bulletin 52](#) (December 2021)

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