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

## NOTICE OF MEETING

<i>Meeting</i>	<b>HIWFRA Firefighters' Pension Board</b>	<i>Clerk to the Hampshire &amp; Isle of Wight Fire and Rescue Authority</i> <b>CFO Neil Odin</b>
<i>Date and Time</i>	<b>Thursday, 14th October, 2021 2.00 pm</b>	<i>Fire &amp; Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	<b>Meeting Room X - Fire &amp; Police Shared HQ, Eastleigh</b>	
<i>Enquiries to</i>	<b><u><a href="mailto:members.services@hants.gov.uk">members.services@hants.gov.uk</a></u></b>	

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.

### 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     **SCHEME ADVISORY BOARD**

To receive a verbal update on the Scheme Advisory Board.

7     **LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA)  
UPDATE REPORT** (Pages 7 - 42)

To receive a report providing an update on legislation and the Local Government Association.

8     **FIRE PENSION BOARD STATUS REPORT AND RISK REGISTER  
REVIEW** (Pages 43 - 56)

To receive an update on the development of key issues and to review the Risk Register.

**ABOUT THIS AGENDA:**

This agenda is available through the Hampshire & Isle of Wight Fire and Rescue Service website ([www.hantsfire.gov.uk](http://www.hantsfire.gov.uk)) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

# Agenda Item 3

AT A MEETING of the HIWFRA Firefighters' Pension Board held at Fire and Police HQ, Eastleigh on Tuesday, 20th July, 2021

Chairman:

\* Stew Adamson

Vice-Chairman

\* Richard North

- \* Sean Harrison
- \* Councillor Roger Price
- \* Ross Singleton

## 1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mark Hilton, Richard Scarth and Dan Tasker.

## 2. **ELECTION OF CHAIRMAN**

The Clerk called for nominations for a Chairman, noting requirements of the Firefighters' Pension Board Terms of Reference. Stew Adamson was nominated, seconded and in the absence of any further nominations duly appointed Chairman of the Firefighters' Pension Board until the first meeting of the Board following the Annual meeting of the Fire Authority in 2022.

## 3. **ELECTION OF VICE-CHAIRMAN**

The Chairman called for nominations for a Vice-Chairman, noting requirements of the Firefighters' Pension Board Terms of Reference. Richard North was nominated, seconded and in the absence of any further nominations duly appointed Vice-Chairman of the Firefighters' Pension Board until the first meeting of the Board following the Annual meeting of the Fire Authority in 2022.

## 4. **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 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.

No interests were declared.

## 5. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting on the 15 April 2021 were reviewed and agreed.

6. **DEPUTATIONS**

There were no deputations on this occasion.

7. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements on this occasion.

8. **SCHEME ADVISORY BOARD**

The Chairman invited Councillor Roger Price to provide a verbal update on the Scheme Advisory Board (SAB). Councillor Price highlighted that the last meeting of the SAB was on the 24 June 2021, and topics were discussed which included the finance costs relating to McCloud remedy and also only having two companies with the ability to provide software for pension schemes, and the potential risks if one company were to cease in this field.

The current consultations which the SAB would respond to were highlighted, and Councillor Price also emphasised the importance of keeping fire pensions on the Board's risk register as it was such a complex area.

RESOLVED:

The Firefighters' Pension Board noted the verbal update.

9. **HAMPSHIRE AND ISLE OF WIGHT FIRE PENSIONS ADMINISTRATION REPORT 2020/21**

Members of the Board received a report from Pension Services providing the Board with an update on pensions administration during 2020/21 (Item 9 in the Minute Book).

Officers presented the report to the Board and highlighted key areas of the report. In relation to administration performance, it was noted that 100% of cases were completed on time for the year, and a breakdown of these cases were detailed in the tables in Section 5 of the report. Officers drew attention to Annual Benefit Statements (ABS) for the year, and it was heard that every member of the firefighters' pension scheme had received their statement by the statutory deadline of 31 August 2020.

The Board noted that work to transfer pension data in relation to the formation of the Combined Fire Authority (CFA) had been completed in time by 31 March 2021 which was very positive news, and had been a huge amount of work for Pension Services. In concluding the presentation of the report, officers were pleased to report that there had been no complaints from members of the pension scheme in 2020/21.

Board Members expressed their satisfaction with the report and the good progress made. The Chairman also thanked the Employer Pension Manager for her work, and feedback from fire stations had been very positive. In response to a query relating to paragraph 7.2 of the report, and the exceeding of annual

allowance, officers would find out how many of the 18 Firefighters referenced did end up with a tax charge.

RESOLVED:

That the HIWFRA Firefighters' Pension Board noted the report.

**10. LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT**

The Board received an update on Legislation and the Local Government Association (LGA) (Item 10 in the Minute Book).

Officers drew Board Members attention to paragraphs 18-21 of the report, and also Bulletin 44 which detailed issues around ABS and the inclusion of projections to normal pension age. It was noted that communication on this would be re-issued to pension members as some may have missed the initial communication on this. Officers also confirmed that any protected members affected by this, could ask for an estimate of their projection.

In response to a query on tax relief, it was heard that routine notices would be the best way to communicate this information to pension members, and one of the forthcoming pension briefings could also discuss this issue.

RESOLVED:

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

**11. FIRE PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW**

The Board received a report which provided an update on ongoing issues (Item 11 in the Minute Book). The report was introduced and key issues were highlighted to Members of the Board.

Officers led Board Members through the report. It was heard that in relation to the Pensions Member Portal, there was now the ability to report on the number of deferred and pensioner members that were fully registered with the Portal, and this was shown in the table at paragraph 8 of the report. Board Members heard details relating to the CFA, Historical Contribution Rates and the 2006 Modified Fire Pension Scheme. It was heard that in relation to the CFA, some historical contribution rates had been calculated incorrectly and discussions were currently ongoing to resolve this issue.

Paragraphs 20-21 of the report detailed that legal discussions were still ongoing in the Matthews/O'Brien case, and if there is a second options exercise, then officers will bring further information on this to the Board. Paragraph 19 of the report asked for Board Members views on the Fire Pensions Risk Register and it was heard that the biggest risk was still McCloud. A query was raised as to whether the risk score of McCloud could be reduced, but officers were comfortable that the current score was appropriate.

Paragraphs 25-33 highlighted the issue of Immediate Detriment and officers explained this in more detail. It was heard that there had not been any complex cases, and any Immediate Detriment cases have been processed effectively and in line with Home Office guidance. In relation to the pension administration costs associated with McCloud remedy work for 20/21, it was noted that out of the Home Office grant, £138,787.83 had been allocated to HIWFRA for this. Also in relation to McCloud, it was heard that a master list of all internal communications in respect of this issue had been collated by the Employer Pension Manager.

Members of the Board noted that the number of pensioner members signing up to the Portal was low, and more encouragement could be given through the Past Members Association. A query was raised about Statutory Reporting as set out in paragraph 3 of the report, and it was heard that reporting was dependent on when notification was received.

RESOLVED:

- i) That the content of the report was noted by the HIWFRA Firefighters' Pension Board.
- ii) That the Risk Register as set out in paragraphs 21-22 and APPENDIX A was approved by the HIWFRA Firefighters' Pension Board.

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Chairman,



**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](http://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](http://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)

Contact:

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0370 779 2790



## FPS Bulletin 46 – June 2021

Welcome to issue 46 of the Firefighters' Pensions Schemes bulletin. We hope that readers remain safe and well.

Face-to-face meetings and training remain suspended for the time being. However, the Bluelight team are available at home by mobile, email or video.

If you are looking for information on a certain topic, issue and content indexes are held on the [main bulletin page](#) of the website and are updated following each new issue.

If you have any comments on this bulletin or suggested items for future issues, please email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk).

## Contents

<b>Calendar of events</b>	<b>3</b>
<b>FPS</b>	<b>3</b>
Home Office informal immediate detriment guidance (June 2021)	3
LGA immediate detriment information note - version 2	4
Factsheets updated	4
Technical query log	4
<b>FPS England SAB updates</b>	<b>5</b>
IDRP data request update	5
FRA remedy self-assessment survey closing date	5
<b>Other News and Updates</b>	<b>6</b>
GAD review of the cost control mechanism published	6
HMT consultations published: cost control mechanism and discount rate methodology	6

Pension Dashboards Programme: Staging Call for Input	7
TPR publishes Equality, Diversity and Inclusion Strategy	8
Finance Act 2021 receives Royal Assent	8
MaPS MoneyHelper goes live	8
DWP publishes consultation response on TPR powers	8
<b>Events</b>	<b>9</b>
FPS coffee mornings	9
<b>HMRC</b>	<b>9</b>
HMRC newsletters/bulletins	9
<b>Legislation</b>	<b>9</b>
<b>Useful links</b>	<b>10</b>
<b>Contact details</b>	<b>10</b>
<b>Copyright</b>	<b>10</b>
<b>Disclaimer</b>	<b>11</b>

## 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 email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk)

Table 1: Calendar of events

Event	Date
<a href="#">FPS coffee and catch up</a>	Every second Tuesday (13 and 27 July 2021)
SAB LPB effectiveness committee (TBC)	8 July 2021
SAB Cost-effectiveness committee (TBC)	13 July 2021
Fire Communications Working Group	13 July 2021
Firefighters' Technical Community	15 July 2021
SAB SMA committee (TBC)	16 July 2021
North East regional group	18 August 2021
SAB	9 September 2021
SAB	9 December 2021

## FPS

### **[Home Office informal immediate detriment guidance \(June 2021\)](#)**

On 10 June 2021, the Home Office issued an update to the existing informal and non-statutory guidance on immediate detriment cases. This can be found here: [Home Office informal detriment guidance 10 June 2021](#)

The guidance applies to pipeline immediate detriment cases (i.e. those cases where the member is about to retire and receive their pension) and does not cover where a pension is already in payment. This is technical guidance and aimed primarily at pension managers and practitioners.

As readers will know, to implement remedy in full, both primary and secondary legislation are required, as well as administration work (at local FRA level) to implement the changes. The deferred choice underpin will be implemented by October 2023.

[Click here to return to Contents](#)

As a result, the guidance will not offer resolution to all the current issues – there are outstanding technical issues that are being worked through across the public sector pension schemes and the responsible Government departments. The updated guidance aims to provide ways forward where possible.

The guidance provides informal advice but the overall responsibility for interpreting and applying the pension scheme regulations still remains with each FRA as the relevant scheme manager. FRAs and administrators will need to consider the guidance in relation to their own process and systems.

To note, the Home Office guidance only applies to England as firefighters' pensions policy is devolved in Scotland, Northern Ireland, and Wales.

### **[LGA immediate detriment information note - version 2](#)**

Following the release of the updated informal Home Office guidance on 10 June, we have updated the LGA information note to take account of this additional guidance:

#### **[LGA immediate detriment information note – version 2](#)**

The purpose of this information note is to provide FRAs with additional information relating to immediate detriment.

**If your FRA is receiving and considering processing claims, please liaise with your FRA's nominated contact.**

We are aware that FRAs may be receiving an increasing number of enquiries following publication of the updated information. A member note was provided directly to FRAs on 18 June 2021 for them to use if required to update scheme members on the current position.

### **[Factsheets updated](#)**

The following factsheets have been updated in line with new limits or thresholds for 2021/22:

- [Topping up your State Pension](#)
- [FPS 2015 Added Pension](#) – Word factsheet and election form

We have taken the opportunity to convert the State Pension factsheet into a standalone webpage on the [FPS Member](#) site.

The [Added Pension information](#) is also available on the member website, but without the election form.

### **[Technical 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 monthly in line with the bulletin release dates.

Queries have been added this month in the following categories: contribution banding and pension sharing.

[Click here to return to Contents](#)

Please bear with us if you experience a delay in response to your technical query. As you can imagine, much of our resource is currently focused on remedy-related issues.

## FPS England SAB updates

### IDRP data request update

In [FPS Bulletin 44 – April 2021](#) we launched this year's Internal Dispute Resolution Procedure (IDRP) data request to monitor trends and establish where further guidance or advice may be needed.

The [IDRP 2020-21 data request update](#) was presented to the Scheme Advisory Board (SAB) at its meeting on 24 June 2021. The key findings are summarised below.

Thirty-four FRAs submitted data, equating to around 76 per cent. Of those responses, nine FRAs reported a nil return.

The FPS retains a two stage procedure and the [IDRP factsheet](#) issued in 2020 set out that Stage One decisions should be heard by the Chief Officer or a delegated senior manager, and the Stage Two decision should be heard by a nominated panel of representatives of the FRA.

Of the 25 FRAs who responded with an IDRP during 2020-21 there were 57 Stage One decisions; around one quarter (14) of those were upheld in the member's favour. Twenty Stage Two cases were reported. This is around half of the overturned number of cases from Stage One (43).

The data showed that the number of IDRPs received remains relatively low and that decision makers at both stages are generally in line with guidance.

Pensionable pay complaints were by far the most common type of dispute. Ill-health was also a common cause for complaint. The number of cases in relation to transfers and special members had increased and seven IDRPs about age discrimination remedy were received during the year.

Despite the development of resources to improve knowledge and understanding, pensionable pay and ill-health continue to be areas of contention. More development is planned in these areas, including a factsheet on resolving historic pensionable pay errors, and a review of the ill-health documentation.

The increase in other types of complaint could be linked to ongoing legal proceedings and may therefore be a continuing trend until resolution is reached.

Almost half of the number of overturned Stage One decisions went to Stage Two, showing that the second stage is still of value, albeit a low number of decisions were changed during the Stage Two process.

## **FRA remedy self-assessment survey closing date**

The SAB survey of FRA's remedy arrangements closes today – 30 June 2021.

Thank you to the authorities who have submitted a response to date. We will contact those outstanding within the next three weeks to offer any extra support needed to make a submission.

The data will be collated and analysed to provide a report to the SAB at its September meeting.

## **Other News and Updates**

### **GAD review of the cost control mechanism published**

In 2018, the then Chief Secretary to the Treasury (CST) announced a review of the cost control mechanism by the Government Actuary to examine whether it was operating appropriately and in line with the original policy intentions.

On 15 June 2021, the CST laid [written statement HCWS90](#) to announce the publication of the [Government Actuary's review](#). The final report sets out the Government Actuary's assessment of the current mechanism and recommendations on possible changes. These changes are being now being consulted on.

### **HMT consultations published: cost control mechanism and discount rate methodology**

HM Treasury (HMT) published two public consultations on 24 June 2021 alongside [written statement HCWS117](#). The consultations seek views on proposals to changes to the cost control mechanism in public service pension schemes, and secondly on the appropriate methodology for setting the discount rate used in scheme valuations.

The consultations run for eight weeks and close on 19 August 2021.

### **[Consultation on changes to the cost control mechanism:](#)**

As detailed above, the Government Actuary has recently concluded his review of the cost control mechanism in the public service pension schemes. The Government has considered the report and is now consulting on three changes to the mechanism, all of which are recommendations by the Government Actuary:

1. Moving to a reformed scheme only design: to remove any allowance for legacy schemes in the cost control mechanism, so the mechanism only considers past and future service in the reformed schemes.
2. Widening the corridor: to widen the corridor from 2 per cent to 3 per cent of pensionable pay.

3. Introducing an economic check: currently the mechanism does not include changes in long-term economic assumptions and therefore cannot consider the actual cost to the Government of providing pension benefits. The Government proposes introducing an economic check so that a breach of the mechanism would only be implemented if it would still have occurred had the long-term economic assumptions been considered.

The outcome of the consultation will not impact on the 2016 cost control valuations.

#### [Consultation on the discount rate \(the “SCAPE rate”\) methodology:](#)

The Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate is a discount rate used in the valuation of unfunded public service pension schemes to set employer contribution rates.

It expresses future pension promises that are being built up in present-day terms and is set by HMT following a prescribed methodology. The current methodology for setting the SCAPE discount rate has been in place since 2011. This consultation seeks views on the objectives for the SCAPE discount rate and the most appropriate methodology for setting the SCAPE discount rate going forward.

The options are broadly:

- In line with long-term GDP growth (current approach); or
- In line with the Social Time Preference Rate (the previous approach).

The current level of the rate will not be changed by this consultation; the Government will carry out a separate exercise to set a new rate in line with the chosen methodology following this consultation.

#### **Next steps**

The SAB will be considering a response to both consultations.

#### **PDP: Staging Call for Input**

As confirmed in [FPS Bulletin 45 - May 2021](#), the Pensions Dashboard Programme (PDP) has launched a [call for input on staging](#) for the dashboard. For those looking to submit a response, the [dashboard staging date discussion paper](#) provided to the SAB gives a useful summary of the PDP proposals and their impact on the FPS.

Stakeholders may wish to respond to the PDP with their views on how the dashboard staging date would interact with age discrimination remedy and its effect on providing value to firefighters.

The SAB will be providing a response to the call for input recommending a later staging date for Fire, which would follow the first successful run of annual benefit statements on a remedied basis, most likely in 2024.

The deadline for responses is 9 July 2021.

[Click here to return to Contents](#)

### **TPR publishes Equality, Diversity and Inclusion Strategy**

On 24 June 2021, The Pensions Regulator (TPR) published its [Equality, Diversity and Inclusion Strategy](#).

The strategy sets out how TPR will embed diversity and inclusion throughout its organisation and how it will support the schemes it regulates to do likewise.

### **Finance Act 2021 receives Royal Assent**

On 10 June 2021, the Finance Act 2021 received Royal Assent.

The Act gives legal effect to the Government's decision to [freeze the lifetime allowance at £1,073,100 for tax years 2021/22 to 2025/26](#), as announced at the last budget.

### **MaPS MoneyHelper goes live**

On 18 March 2021, the Money and Pensions Service (MaPS) revealed plans to launch [a single offering for consumers called MoneyHelper](#). This will replace the Money Advice Service, the Pensions Advisory Service and Pension Wise, although Pension Wise will continue as a named service under the MoneyHelper umbrella.

The MoneyHelper website is now live at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

Links to one of the legacy websites (Money Advice Service, The Pensions Advisory Service and Pension Wise) will automatically redirect to the new location on MoneyHelper. If the article(s) or tool(s) no longer exist, it will redirect to the most relevant landing page on the topic.

Following the launch of MoneyHelper, you will need to change how you reference MaPS in your communications. You will need to change any reference to:

- The Money Advice Service and The Pensions Advisory Service to 'MoneyHelper', and
- Pension Wise to 'Pension Wise a service from MoneyHelper'.

You can find support and messaging to help you prepare on the MaPS [Introducing Moneyhelper](#) webpage.

### **DWP publishes consultation response on TPR powers**

The Pension Schemes Act 2021 ("the Act") gained Royal Assent on 11 February 2021. [Part 3 of the Act](#) relates to new powers for TPR and contains various provisions to make associated regulations

On 29 June 2021, the Department for Work and Pensions (DWP) published its response to the consultation [Strengthening The Pensions Regulator's Powers: Contribution Notice and Information Gathering Powers Regulations 2021](#), which sought views on the proposed drafting of two sets of regulations.

[The Pensions Regulator \(Information Gathering Powers and Modification\) Regulations 2021](#) [SI 2021/754] come into force on 1 October 2021.

[Click here to return to Contents](#)

## Events

### FPS coffee mornings

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

The next events are scheduled to take place on 13 and 27 July 2021. We will then be taking a short break over the holiday period and will resume the sessions in September.

If you do not already receive the meeting invitations and would like to join us, please email [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

## HMRC

### HMRC newsletters/bulletins

On 25 June 2021 HMRC published [Pension schemes newsletter 130](#) containing important updates and guidance for schemes. Articles include:

- an extension to some of the temporary changes to pension processes as a result of coronavirus
- managing the Pension Schemes service
- signing into online services
- self-invested personal pensions (SIPP) and small self-administered scheme (SSAS) pensions – connected tenants

Practitioners and administrators who use HMRC's online services should make sure that they have signed in recently to avoid losing access.

## Legislation

Act	Title
2021 c.26	<a href="#">Finance Act 2021</a>
SI	Reference title
2021/620	<a href="#">The Pension Schemes Act 2021 (Commencement No. 1) Regulations 2021</a>
2021/752	<a href="#">The Pension Schemes Act 2021 (Commencement No. 2) Regulations 2021</a>
2021/754	<a href="#">The Pensions Regulator (Information Gathering Powers and Modification) Regulations 2021</a>

## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [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](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Welsh Government Fire circulars](#)

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While every attempt is made to ensure the accuracy of the bulletin, it would be helpful if readers could bring any perceived errors or omissions to the attention of the Bluelight team by emailing [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).



## FPS Bulletin 47 – July 2021

Welcome to issue 47 of the Firefighters' Pensions Schemes bulletin. We hope that readers remain safe and well.

If you are looking for information on a certain topic, issue and content indexes are held on the [main bulletin page](#) of the website and are updated following each new issue.

If you have any comments on this bulletin or suggested items for future issues, please email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk).

### Contents

<b>Calendar of events</b>	<b>3</b>
<b>FPS</b>	<b>3</b>
PSP&JO Bill introduced	3
Knowledge Hub technical forum reinstated	4
Technical query log	4
<b>FPS England SAB updates</b>	<b>5</b>
TPR 2020-21 Governance and Administration survey	5
Template FPS Administration Strategy published	5
SAB response to pensions dashboards staging call for input	6
<b>Other News and Updates</b>	<b>6</b>
Clair Alcock leaves the team	6
HMT response to consultation on implementation of increased NMPA	7
MHCLG consultation on special severance payments	7
TPO's term of office extended	7
Stronger nudge to pensions guidance consultation	7

Actuarial, Benefits and Governance Consultancy Services Framework	8
<b>HMRC</b>	<b>8</b>
HMRC newsletters/bulletins	8
Contracting-out reconciliation update	9
Pension Scheme Pays reporting: information and notice deadlines	9
<b>Events</b>	<b>10</b>
FPS coffee mornings	10
<b>Legislation</b>	<b>10</b>
<b>Useful links</b>	<b>10</b>
<b>Contact details</b>	<b>10</b>
<b>Copyright</b>	<b>11</b>
<b>Disclaimer</b>	<b>11</b>

## 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 email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk)

Table 1: Calendar of events

Event	Date
North East regional group	18 August 2021
<a href="#">FPS coffee and catch up</a>	Next scheduled event 24 August 2021
Eastern regional group	7 September 2021
SAB	9 September 2021
<a href="#">Eversheds Sutherland cyber and data breach training</a>	20 September 2021
SAB	9 December 2021

## FPS

### PSP&JO Bill introduced

On 19 July 2021, HM Treasury (HMT) introduced the Public Service Pensions & Judicial Offices Bill (PSP&JO Bill) to the House of Lords.

The following documents are available from the [PSP&JO Bill publications page](#) and updated versions will be added as the Bill progresses through Parliament:

- Bill (as introduced)
- Explanatory Notes
- Delegated Powers Memorandum
- Equality Impact Assessment
- Impact Assessment
- Two documents on the Bill's first reading

The PSP&JO Bill sets out in law how the Government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members (i.e., remedy).

This is the primary legislation which closes final salary schemes for accrual past 31 March 2022 and moves all remaining members into FPS 2015, while ensuring that existing transitional protections such as the final salary link and double accrual are retained.

More information about how benefits are calculated for transitional members of the FPS 2015 is available from the [FPS 2015 transition members](http://www.fpsmember.org) page of [www.fpsmember.org](http://www.fpsmember.org), including details of how final salary accrual in the FPS 1992 is treated under the [double accrual protection](#).

HMT has provided a [central Q&A document](#) and we are expecting a version that is more tailored to the FPS in due course.

Details of the Bill have been published on [www.fpsmember.org](http://www.fpsmember.org) under [Age Discrimination Remedy](#) and we will be working with the Fire Communications Working Group on developing central communications for scheme members.

The second reading of the Bill is due to take place in the House of Lords on 7 September 2021.

### **Knowledge Hub technical forum reinstated**

Readers may remember that before the introduction of [www.fpsregs.org](http://www.fpsregs.org), all resources and technical advice were provided through a Knowledge Hub forum.

While we have moved away from this platform in order to provide central and consistent access to resources and formal technical guidance, the forum has been reinstated for members to share technical knowledge and best practice, in order to promote peer working and collaboration within the sector.

Forum members can raise technical queries and share experiences with colleagues; however, users must note that any information provided is on an informal basis and should not be treated as legal advice. If a query needs to be escalated, it should be logged using the existing [technical query form](#).

The forum is restricted to administrators and employer representatives of the FPS and can be accessed using the following link:

<https://khub.net/group/thefirefighterspensionsdiscussionforum/group-forum>

You will need to register and request to join if you are not already a member.

Readers should also note that the Firefighters' Pensions practitioners' group on Workplace will shortly be closed down as it is not being used.

### **Technical 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 monthly in line with the bulletin release dates.

No new queries have been added this month.

Please bear with us if you experience a delay in response to your technical query. As you can imagine, much of our resource is currently focused on remedy-related issues.

[Click here to return to Contents](#)

## FPS England SAB updates

### TPR 2020-21 Governance and Administration survey

On 1 July 2021, the Pensions Regulator (TPR) published the results of its [2020-21 Governance and Administration survey](#).

The survey was conducted online between January and March 2021 and aims to track governance and administration practices among public service pension schemes. The 2020-21 survey also included new questions on response to the pandemic and pensions dashboards.

TPR measures annual progress against the following six key processes:

- have a documented policy to manage board members' conflicts of interest
- have access to the knowledge, understanding and skills needed to properly run the scheme
- have documented procedures for assessing and managing risk
- have processes to monitor records for accuracy and completeness
- have a process for resolving contribution payment issues
- have procedures to identify, assess and report breaches of the law.

Three quarters (74 per cent) of Firefighters' schemes who responded to the survey had all six processes in place. This is a significant increase from 55 per cent in 2019.

The report is being considered by the Local Pension Board (LPB) effectiveness committee ("the Committee") to make recommendations to the Scheme Advisory Board (SAB) on any actions needed.

The [TPR six key processes factsheet](#) will be updated in due course to reflect the latest performance and give further guidance to FRAs in order to achieve a higher rate of understanding and compliance ahead of future surveys.

In the short-term, the Committee recommends that LPBs can use the survey results to carry out an annual evaluation.

### Template FPS Administration Strategy published

In [FPS Bulletin 34 – June 2020](#) we launched a consultation on a template pension administration strategy for the FPS, which was developed following a recommendation in [AON's 2019 review](#) of the administration and management of the scheme.

The initial consultation response was published with [FPS Bulletin 37 – September 2020](#).

All feedback has now been considered and we are pleased to include tracked versions of the [updated consultation response](#) and the [revised template strategy](#) as appendices to the bulletin. The final strategy is available from the [guides and sample documents page](#) of [www.fpsregs.org](http://www.fpsregs.org) as a Word document for FRAs to download and adapt to suit their individual requirements.

[Click here to return to Contents](#)

TPR reported in section 4.3 of the latest [governance and administration survey results](#) that just under half of Firefighters' schemes had an administration strategy, compared to almost three-quarters of schemes across the public sector. We hope that publication of the template will help schemes to put an administration strategy in place and increase this outcome for the 2021-22 survey.

### **SAB response to pensions dashboards staging call for input**

We confirmed in [FPS Bulletin 46 – June 2021](#) that the SAB would respond to the Pensions Dashboards Programme (PDP) call for input on dashboard staging, which proposed that public service schemes join the dashboard within a two-year period starting from April 2023.

In summary, the [Board's response to the call for input](#) was that staging for the Firefighters' Pension Scheme should be only after the age discrimination remedy has been implemented and the first set of annual benefit statements issued successfully in Autumn 2024.

## **Other News and Updates**

### **Clair Alcock leaves the team**



Many of our readers will be aware that Clair will shortly be leaving the LGA to take up a new role as Head of Police Pensions with the National Police Chiefs' Council (NPCC). Clair's last day is 3 September 2021.

Clair is a familiar face to many and has worked for the LGA in the pensions team since December 2014, leading and advising stakeholders in the management, governance, and administration of the Firefighters' Pension Schemes.

Clair works closely with all stakeholders across the Fire sector and has had a significant impact on improving the understanding of the pension schemes and its effect on the workforce and employer.

Before joining the LGA, Clair was the lead consultant for software development on Police and Fire Pensions having previously worked with both private and public sector pension schemes.

Clair will be sorely missed by all colleagues at the LGA and across the Fire sector. Congratulations on your new role Clair, and good luck!

[Click here to return to Contents](#)

### **HMT response to consultation on implementation of increased NMPA**

We confirmed in [FPS Bulletin 42 – February 2021](#) that HMT was consulting on the implementation of an increased normal minimum pension age (NMPA) from age 55 to age 57 on 6 April 2028.

NMPA is the minimum age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge (unless they are taking their pension due to ill-health).

On 20 July 2021, HMT published its [response to the NMPA consultation](#) in addition to a [policy paper and draft regulations introducing measures to increase the NMPA](#).

The measures will not affect members who:

- are retiring due to ill health
- have a protected pension age
- are members of the firefighters, police, and armed forces public service schemes.

### **MHCLG consultation on special severance payments**

The Ministry of Housing Communities and Local Government (MHCLG) has published a consultation on New Best Value statutory guidance covering special severance payments for local authorities in England. You can find the draft statutory guidance and covering letter from MHCLG on the [scheme consultations](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

Our colleagues on the Local Government Pension Scheme (LGPS) team also have published [LGA's initial comments](#) on this page.

MHCLG welcomes responses from all interested parties. They are particularly keen to receive responses from the bodies listed in the Annex to the covering letter. This list covers public sector scheme employers, including Fire and Rescue Authorities and the London Fire Commissioner.

### **TPO's term of office extended**

The DWP has confirmed that it has extended the term of Anthony Arter as The Pensions Ombudsman (TPO) for another year.

In a [letter to Work and Pensions Committee Chair Stephen Timms](#), Minister for Pensions and Financial Inclusion, Guy Opperman stated that Mr Arter's term will be extended for a period of 12 months from 1 August 2021.

### **Stronger nudge to pensions guidance consultation**

On 9 July 2021, [DWP launched a consultation on draft regulations](#) that will require occupational pension schemes, in most situations, to nudge members aged 50 or above applying to access, or to transfer out for the purposes of accessing, their benefits.

The regulations will require pension schemes to explain the nature and purpose of

[Click here to return to Contents](#)

Pension Wise guidance and facilitate the booking of a Pension Wise appointment as part of the application process. The regulations will also require the member to have confirmed that they have received the guidance or opted out of receiving it before the scheme can action the application.

The regulations will implement the duty set out in section 19 of [the Financial Guidance and Claims Act 2018](#).

The consultation applies to England, Wales, and Scotland. It is anticipated that Northern Ireland will make corresponding regulations. The consultation closes on 3 September 2021.

### **Actuarial, Benefits and Governance Consultancy Services Framework**

On 1 July 2021, the National LGPS Frameworks launched the [Actuarial, Benefits and Governance Consultancy Services Framework 2021](#).

The [framework joining instructions](#) confirm that scheme managers of public sector pension schemes can use the consultancy services framework.

If you would like more information or copies of the supporting documentation (including provider catalogues and guidance notes) or you have a query about this or any other framework, please email: [NationalLGPSframeworks@norfolk.gov.uk](mailto:NationalLGPSframeworks@norfolk.gov.uk).

## **HMRC**

### **HMRC newsletters/bulletins**

On 30 July 2021, HMRC published [Pension schemes newsletter 131](#) containing important updates and guidance for schemes. Articles include:

- relief at source – annual return of information for the tax year 2020 to 2021
- relief at source and National Insurance applications
- Managing pension schemes service:
- Retirement annuity contracts and deferred annuity contracts
- amending an Accounting for Tax return
- Managing pension schemes service – user research
- annual allowance - pension savings statements for tax year 2020 to 2021
- annual allowance - declaring the annual allowance charge on the Self Assessment tax return
- non-taxable payments following a member's death and Real Time Information (RTI) reporting
- pension flexibility statistics
- qualifying recognised overseas pension schemes transfer statistics

### **Contracting-out reconciliation update**

On 26 July 2021, HMRC published [Countdown Bulletin 55](#) with updates on:

- the closure of Scheme Cessation and Scheme Reconciliation eRooms
- final data cuts for Pension Schemes
- how to raise queries with HMRC

### **Pension Scheme Pays reporting: information and notice deadlines**

On 20 July 2021, [HMRC published a policy paper](#) and [draft regulations proposing to extend the mandatory scheme pays deadline](#) for members whose pension input amount is retrospectively changed.

The proposal has been made because of the age discrimination remedy, where a member's annual allowance position for a previous tax year may be changed retrospectively. However, HMRC has confirmed that the proposal will not be restricted to just these cases.

The proposal will extend the scheme pays deadline where –

- the administrator gives information to the member about a change to the pension input amount on or after 2 May in the year following that in which the relevant tax year ends and before the end of the six-year period beginning with the end of the tax year, and
- as a result of the change, the member qualifies to elect for mandatory scheme pays.

In these cases, it is proposed that the member must give the scheme pays election within three months from being given the information about the change or, if earlier, before the end of the six-year period beginning with the end of the relevant tax year. In other cases, the deadline remains 31 July in the year following that in which the tax year ends.

Consequently, the draft regulations also propose amending the deadline by which the administrator must report and pay the charge to HMRC. It is proposed that administrators will need to report the charge on the Accounting for Tax return for the quarterly period following that in which the administrator receives the scheme pays election (though schemes will continue to be able to include the charge on a return for an earlier period). This proposal will apply to all scheme pays elections (not just those resulting from a retrospective change).

The Government signified its intention to make these changes on Tax Day in March. See [FPS Bulletin 43 – March 2021](#) for more information.

It is intended that the changes will commence on 6 April 2022 with retrospective effect to 6 April 2016.

## Events

### FPS coffee mornings

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

We will be taking a short break over the holiday period and will resume the sessions on 24 August 2021.

If you do not already receive the meeting invitations and would like to join us, please email [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

## Legislation

SI	Reference title
2021/764	<a href="#">The Financial Guidance and Claims Act 2018 (Commencement No. 8) Regulations 2021</a>

## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
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## Contact details

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[Click here to return to Contents](#)

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### Contents

<b>Calendar of events</b>	<b>2</b>
<b>Actions arising</b>	<b>2</b>
<b>FPS</b>	<b>3</b>
PSP&JO Bill Home Office guidance	3
LGA update on the PSP&JO Bill	3
Technical query log	3
<b>FPS England SAB updates</b>	<b>4</b>
SAB response to HMT consultations	4
TPR publishes interim response to code of practice consultation	4
<b>Other News and Updates</b>	<b>4</b>
Farewell from Clair Alcock	4
Briefing paper on the PSP&JO Bill published	4
TPR scheme return	5
Guidance on GMPs and new State Pension	5
Action Fraud webinars	5
<b>HMRC</b>	<b>5</b>

Managing Pension Schemes (MPS) service	5
HMRC newsletters/bulletins	6
<b>Events</b>	<b>6</b>
FPS coffee mornings	6
<b>Legislation</b>	<b>7</b>
<b>Useful links</b>	<b>7</b>
<b>Contact details</b>	<b>7</b>
<b>Copyright</b>	<b>7</b>
<b>Disclaimer</b>	<b>8</b>

## 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 email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk)

Table 1: Calendar of events

Event	Date
<a href="#">FPS coffee and catch up</a>	14 and 28 September 2021
Eastern regional group	7 September 2021
SAB	9 September 2021
<a href="#">Eversheds Sutherland cyber and data breach training</a>	20 September 2021
North East regional group	17 November 2021
SAB	9 December 2021

## Actions arising

Readers are asked to note the following actions arising from the bulletin:

[TPR scheme return](#): Scheme managers to check contact details are correct on the Exchange.

[Managing Pension Schemes \(MPS\) service](#): FRAs to enrol on to the new MPS service, no later than 24 September 2021.

[Click here to return to Contents](#)

## FPS

### **PSP&JO Bill Home Office guidance**

Home Office guidance has now been published, following the announcement of the introduction of [Public Service Pensions & Judicial Offices \(PSP&JO\) Bill](#) and the accompanying centralised Q & A document in [FPS Bulletin 47 – July 2021](#).

The [PSP&JO Bill Home Office guidance](#) is a more tailored version of the central FAQs for the FPS. It provides a detailed summary of how the Bill legislates to remove the discrimination identified in the McCloud/Sargeant litigation and what it means for affected scheme members.

For reference, it contains information on:

- what the Government has published;
- the background and detail of the Public Service Pensions and Judicial Offices Bill;
- how the Bill will implement changes across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases;
- the next steps following the Bill and any additional information which may be helpful to members.

Please note that the guidance will be kept under review.

### **LGA update on the PSP&JO Bill**

We are pleased to publish an [LGA update on the PSP&JO Bill](#) and what it means for the FPS.

The update comments on the main provisions of the Bill and looks in particular at the effect for transition members.

### **Technical 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 monthly in line with the bulletin release dates.

Queries have been answered this month in the following categories: compensation scheme (page 35).

Please bear with us if you experience a delay in response to your technical query. As you can imagine, much of our resource is currently focused on remedy-related issues.

If you need an informal steer from sector colleagues in the meantime, please use the recently reinstated [Knowledge Hub technical forum](#), as detailed in [FPS Bulletin 47 – July 2021](#).

## FPS England SAB updates

### SAB response to HMT consultations

We told readers in [FPS Bulletin 46 – June 2021](#) that HM Treasury (HMT) had published two public consultations seeking views on proposals to reform the cost control mechanism in public service pension schemes, and secondly on the appropriate methodology for setting the discount rate used in scheme valuations.

The Scheme Advisory Board (SAB) submitted responses to both consultations on 19 August, working closely with the [Cost-effectiveness committee](#) and the actuarial advisers to the SAB, First Actuarial.

The responses can be found on the [consultations page](#) of the SAB website.

### TPR publishes interim response to code of practice consultation

Between 17 March and 26 May 2021, the Pensions Regulator (TPR) consulted on a proposed new code of practice. The first phase of the new modular code contains 51 topic-based units and replaces 10 of the longer existing codes of practice.

TPR published its [interim response to the code of practice consultation](#) on 24 August 2021. Key points or issues raised were support for setting common expectations of all schemes, the intended audience for modules, use of the new term 'governing body', and the requirement for schemes to undertake an own risk assessment.

TPR is currently reviewing the detailed feedback received and the earliest time that the new code might become effective is summer 2022.

## Other News and Updates

### Farewell from Clair Alcock

As announced in the last bulletin, I have been offered the post of Head of Police Pensions for NPCC and I will leave LGA on 3 September.

I have been lucky to work in a sector with so many committed stakeholders who have shared my vision in building the delivery of Fire pensions and thank you all for your support and encouragement. It has been an absolute pleasure working with the Fire sector and thank you for the kind words I have already received.

I am delighted to announce that after a successful interview Claire Hey has been offered the post as my successor, and I wish her all the best and know that she will receive wide support from the sector.

### Briefing paper on the PSP&JO Bill published

The House of Lords Library published [briefing paper LLN-2021-0019](#) about the PSP&JO Bill on 26 August 2021.

The paper gives an overview of the Bill and a useful explanation of the policy background. The provisions of the Bill are listed by clause with a brief description of what each intends to achieve.

[Click here to return to Contents](#)

## TPR scheme return

Scheme return notices are being sent to public service pension scheme managers in September.

[Information about completing and submitting a public service scheme return](#) can be found on the TPR website. Schemes are advised to make sure that their contact details are up to date on the [Exchange](#) system.

Completing the scheme return is a legal requirement and scheme managers could be fined for failing to submit a completed return by the deadline.

## Guidance on GMPs and new State Pension

On 12 August 2021, the Department for Work and Pensions (DWP) published a factsheet: [Guaranteed Minimum Pension \(GMP\) and the effect of the new State Pension](#). The factsheet is for individuals who have a GMP and reach their State Pension age after 5 April 2016.

## Action Fraud webinars

Action Fraud is hosting a series of free webinars on reporting pension scams, supported by TPR, Pension Scams Industry Group (PSIG) and the National Economic Crime Centre (NECC).

View the agenda and register for one of the webinars below:

- [16 September 2021](#)
- [21 October 2021](#)
- [25 November 2021](#)

The webinar will provide clarity on when to report, what to report and who to report to, and will feature expert speakers with a short Q and A session.

## HMRC

### Managing Pension Schemes (MPS) service

On 16 August 2021, HMRC published [Managing Pension Schemes service newsletter – August 2021](#). The latest newsletter has articles on:

- declaring as pension scheme administrator for a retirement annuity contract and deferred annuity contract
- submitting an Event Report
- migration
- Accounting for Tax (AFT) return
- how you can help us
- signing into online services
- updating your details

HMRC is currently contacting all FRAs by email to help them enrol on the new MPS before migration. Enrolment should ideally take place before 24 September 2021.

[Click here to return to Contents](#)

HMRC has emphasised the importance of the FRAs making sure that the correct legal sub-scheme administrator registers on MPS. The legal sub-scheme administrator is the named FRA, not the appointed pension administrator (practitioner). This is important as HMRC may issue tax assessments, penalty notices and Information notices on the sub-scheme administrator. If these are not paid and enforcement action proceeds, this should be on the legal sub-scheme administrator.

The provisions for sub-schemes are set out in [The Registered Pension Schemes \(Splitting of Schemes\) Regulations 2006](#). The core regulations set out the basic rules for splitting a scheme. There are then three schedules:

- schedule 1 sets out the schemes to be split
- schedule 2 sets out the names of the sub-scheme administrators for each split scheme
- schedule 3 sets out those responsibilities and liabilities of a scheme administrator in FA04 and secondary legislation which are to apply instead to a sub-scheme administrator.

If you have any questions about or feedback on the Managing Pension Schemes service, please contact [migration.mps@hmrc.gov.uk](mailto:migration.mps@hmrc.gov.uk).

### HMRC newsletters/bulletins

On 27 August 2021, HMRC published [Pension schemes newsletter 132](#) containing important updates and guidance for schemes. Articles include:

- Relief at source
  - annual return of information — interim repayments
  - APSS106 annual claims for tax year 2020 to 2021
  - reporting excess relief
- Annual allowance
  - pension savings statements for tax year 2020 to 2021
- Pension scheme migration:
  - viewing pension schemes
  - schemes without Pension Scheme Tax References (PSTRs)
  - wound up pension schemes
  - multiple IDs

## Events

### FPS coffee mornings

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

The next session is due to take place on 14 September 2021.

[Click here to return to Contents](#)

If you do not already receive the meeting invitations and would like to join us, please email [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk). Please note that attendance at the coffee mornings is generally restricted to FPS practitioners and managers.

## Legislation

SI	Reference title
2021/950	<a href="#">The Pension Schemes Act 2021 (Commencement No. 3 and Transitional and Saving Provisions) Regulations 2021</a>

## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [Khuf Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Welsh Government Fire circulars](#)

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

## **HIWFRA Firefighters' Pension Board**

Purpose: Noted

Date: **14 OCTOBER 2021**

Title: **FIRE PENSION BOARD STATUS REPORT & RISK REGISTER REVIEW**

Report of Chief Financial 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. The Accounting for Tax (AFT) for quarter 1 2021/22 was submitted and paid to HMRC on 19 July 2021. The table below shows the breakdown of the payments made.

<b>Type of payment</b>	<b>Number of members</b>	<b>Amount paid</b>
AFT – Life Time Allowance	1	£170,823
Total paid to HMRC		<b>£170,823</b>

### ANNUAL BENEFIT STATEMENTS (ABS)

4. The Board will be pleased to note that 100% of Annual Benefit Statements were issued to active and deferred members. These were published online and made available to members by mid August on the Pensions Member Portal.

## PENSION SAVINGS STATEMENTS (PSS)

5. The deadline for members to receive their Pension Savings Statements was 6 October. Hampshire Pension Services wrote to 23 Fire pension Scheme members to advise them that they had exceeded their Annual Allowance in 2020/21.
6. There are 11 members that have incurred a tax charge and they will now have until 31 July 2022 to elect for Mandatory Scheme Pays if they wish the scheme to pay the tax charge.
7. As mentioned in the Legislation and Local Government Association (LGA) Update report, although HMRC are proposing to extend these deadlines for retrospective amendments, for the normal annual cases, the deadline will remain as 31 July in the year following that in which the tax year ends.

## COMMUNICATION

8. Since the last Pension Board report, the Employer Pension manager has provided an online presentation at the pre-retirement course and an in person presentation to new trainees.

## MEETINGS

9. The Employer Pension Manager has continued to attend the fortnightly "coffee mornings" put on by the LGA. She has also attended the Fire Communications Working group and the Fire Technical group. These are national meetings and hosted by the LGA and continue to be held online.
10. The Employer Pension Manager attended the NFCC seminar which was about the age discrimination remedy and the new Pensions Schemes Bill. She also attended the Local Pension Board Effectiveness Committee where the 2020-21 TPR Government and Administration survey results were discussed.

## MEMBER PORTAL

11. The Member Portal stats reporting has now been corrected by Hampshire Pension Services and will now reflect accurately the members actual membership journey and their current status with the pension scheme.
12. Previously if an active member registered, but then left and became a pensioner member the registration numbers would not have changed and it would have remained as an active registration. Now the reporting will show a decrease in the active registrations, but an increase in the pensioner registrations.

13. Numbers of those registered are shown in the table below, as at 31 August 2021:

HAMPSHIRE & ISLE OF WIGHT FIRE AND RESCUE SERVICE								
HIWFRA - FPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	626	45.79%	297	25.52%	334	25.30%	1,257	32.64%
Not registered	741	54.21%	867	74.48%	986	74.70%	2,594	67.36%
<b>Total</b>	<b>1,367</b>	<b>100.00%</b>	<b>1,164</b>	<b>100.00%</b>	<b>1,320</b>	<b>100.00%</b>	<b>3,851</b>	<b>100.00%</b>

For comparison and interest, status of registrations for HIWFRA civilians, Hampshire Constabulary and Hampshire County Council are included below:

- a) table for HIWFRA Local Government Pension Scheme members (LGPS) registrations:

HIWFRA - LGPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	176	46.81%	94	31.97%	70	29.05%	340	37.32%
Not registered	200	53.19%	200	68.03%	171	70.95%	571	62.68%
<b>Total</b>	<b>376</b>	<b>100.00%</b>	<b>294</b>	<b>100.00%</b>	<b>241</b>	<b>100.00%</b>	<b>911</b>	<b>100.00%</b>

- b) tables for Hampshire Constabulary, Police Officers in the Police Pension Schemes and Police staff in the LGPS:

HAMPSHIRE CONSTABULARY								
HC - PPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	2,181	71.65%	344	33.50%	1,321	29.01%	3,846	44.59%
Not registered	863	28.35%	683	66.50%	3,233	70.99%	4,778	55.41%
<b>Total</b>	<b>3,044</b>	<b>100.00%</b>	<b>1,027</b>	<b>100.00%</b>	<b>4,554</b>	<b>100.00%</b>	<b>8,624</b>	<b>100.00%</b>
HC - LGPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	1,513	56.33%	650	28.04%	446	28.21%	2,609	39.62%
Not registered	1,173	43.67%	1,668	71.96%	1,135	71.79%	3,976	60.38%
<b>Total</b>	<b>2,686</b>	<b>100.00%</b>	<b>2,318</b>	<b>100.00%</b>	<b>1,581</b>	<b>100.00%</b>	<b>6,585</b>	<b>100.00%</b>

c) table for Hampshire County Council, LGPS members

HAMSPHIRE COUNTY COUNCIL								
HCC - LGPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	8,523	31.29%	8,700	22.15%	5,073	21.86%	22,296	24.85%
Not registered	18,716	68.71%	30,578	77.85%	18,134	78.14%	67,427	75.15%
<b>Total</b>	<b>27,239</b>	<b>100.00%</b>	<b>39,278</b>	<b>100.00%</b>	<b>23,207</b>	<b>100.00%</b>	<b>89,723</b>	<b>100.00%</b>

### COMBINED FIRE AUTHORITY

14. There are two issues which are yet to be completely resolved following the creation of the Combined Fire Authority and the transfer of all pension data to Hampshire.

### HISTORICAL CONTRIBUTION RATES

15. This issue affects all IOW on-call / retained firefighters that were employed and in a pension scheme between 1 April 2012 and 31 March 2021. Contribution rate bandings were determined by actual pay, rather than by the whole time equivalent reference pay based upon grade.
16. Discussions have been ongoing about this issue since it was discovered as part of the transfer of data in April 2021. On 19 August 2021 we provided the Isle of Wight Council (IWC) with a list of all the details that would be required to determine the correct contribution rate, and to calculate the relevant amount of employee's pension contributions that have been underpaid by each of these members.
17. At this stage we do not know how many members are affected or what the overall amount of the underpaid contributions are, and we are waiting for IWC to provide the necessary information.

### MODIFIED FIRE PENSION SCHEME

18. As part of the CFA, pension records and finance details have been transferred to Hampshire and to ensure that these are correct a full audit has been performed.
19. The IOW had 50 members that elected to join the 2006 Modified Fire Pension Scheme and for each of them the following checks have been made:

- (a) Re-calculated the original calculation to determine if the initial calculation of the arrears to be paid and the service credit to be awarded was correct
  - (b) For those that paid by monthly instalments, the amounts received by IOW from each member between February 2015 and March 2021 have been checked to determine if the correct amount has been paid
  - (c) For those that joined the scheme as pensioner members, the calculation of the pension benefits has been checked to determine if the correct benefits have been paid/are being paid to the member
  - (d) For those that retired after starting monthly instalments, the calculation of the pension benefits along with the calculation of the settlement sum of outstanding contributions to be paid has been checked to determine if the correct benefits have been paid/are being paid to the member
  - (e) A review of the pension records held by Hampshire Pension Services along with any paperwork they have has also been checked to determine if the records are correct.
20. There was a query raised about the amount of interest that had been paid on lump sum payments made to purchase the arrears of service in the 2006 Modified Fire Pension Scheme. The audit has confirmed that this in fact has not been an issue and that interest had been applied correctly.
21. The audit did reveal that out of the 50 cases, 39 of them had errors. Given the number of errors, the varying values and the length of time that has elapsed since some of the decisions, it was agreed with the Chief Financial Officer that a set of principles should be developed against which to assess the individual cases. These are outlined below.
- a) Where an underpayment by the member is less than £250 then this is considered to be negligible and will not be recovered.
  - b) Where an underpayment by the member has occurred more than 6 years ago, then this is past the limit for recovery and will not be recovered.
  - c) Where a member has been underpaying their monthly instalments, then the Direct Debit payments will be amended to the correct amount from the next available payment.
  - d) Where a member has had their pension underpaid these will be corrected from the next available pensions payroll run. Where both a negligible underpayment and a material overpayment has been made to the member then the pension will not be corrected back to

the date of retirement unless the member requests it; in such cases, then member will then be required to pay the material overpayment.

- e) Where a pension or lump sum paid has resulted in a material underpayment being paid to the member this will be corrected back to the date of retirement and all arrears will be paid.
- f) Where an error was made in the calculation of the lump sum due at retirement by the IOW, payment will be made to correct the lump sum. This will be considered an authorised payment and no tax charges will be due. Interest will not be added to the payment as this is not prescribed within the Fire Pension Schemes.

22. Out of the 50 members the following table shows the numbers that fall into each category.

<b>Description</b>	<b>Number of cases</b>	<b>Average amount</b>
Total number of 2006 Modified IOW members	50	N/A
Number of cases where there are no errors	11	N/A
Number of cases with errors	39	N/A
Pension record to be corrected, but only minor details, or pension is currently a deferred pension	5	N/A
Number of negligible underpaid amounts	5	£12
Number outside of 6 year limit for recovery	9	£270
Correct monthly DD amounts from next payment	8	£1
- Negligible underpaid amounts from monthly payments		£76
Correct annual pension from next available payroll run	6	£19 per year
Recovery of overpaid amounts	3	£2,615
Payment of underpaid amounts	3	£2,402

23. We will be writing to those affected members and correcting the payments where applicable, letters will be sent after consultation with the unions.

24. For the 6 cases that have material differences, the underpayments will be made to the member and where there is an overpayment that needs to be recovered, the member will be advised of this and provided with some options about how to repay.

#### RISK REVIEW

25. There are a number of items in pension administration and governance which contain elements of risk to varying degrees. Risks are captured through a variety of ways; some are on the risk register, while others are

picked up as part of the regular horizon scanning that the Employer Pension Groups do.

### RISK REGISTER

26. The board are asked to review the Risk Register and to suggest any amendments. The Risk Register can be found in APPENDIX A.

### McCLOUD / SARGEANT AGE DISCRIMINATION REMEDY

27. On 19 July 2021, HM Treasury (HMT) introduced the Public Service Pensions & Judicial Offices Bill (PSP&JO) to the House of Lords. The Bill sets out in law how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members (i.e. remedy).
28. This is the primary legislation which closes final salary schemes for accrual past 31 March 2022 and moves all remaining Fire Pension Scheme members into 2015 Fire Pension Scheme, while ensuring that existing transitional protections such as the final salary link and double accrual are retained.

### McCLOUD REMEDY WORKING GROUP

29. The McCloud Remedy Working Group is made up of cross departmental and cross organisational representatives has been meeting up monthly to track progress and ensure consistency across the Shared Services Partnership.
30. The group is now working on drafting a letter to go to the current Protected members of the Police and Fire Pension Schemes to advise them of the Scheme changes from 1 April 2022.
31. The communication plan for this is currently being developed but it is hoped that the letters to this small group of active members will be issued by early February 2022. Engagement and advance notice of this will be discussed with senior management to help facilitate queries.
32. With assistance from HIWFA, it is also proposed that the Employer Pension Manager prepares a video to try and get key messages out there to all staff.

### IMMEDIATE DETRIMENT

33. Immediate Detriment cases for retiring Fire Pension Scheme members are continuing; between July and October, five more members have received their options for retirement. There have been no new requests for Immediate Detriment since the last Board meeting.

34. Due to the timescales for implementation of the Deferred Choice Underpin, having the relevant legislation in place and the installation of the software necessary to carry out remedy calculations; Immediate Detriment options will need to continue to be provided to applicable cases for members retiring up to 1 October 2023.
35. It is therefore proposed that another communication message is put out via Routine Notice or similar to try and identify any likely retirements up to this date. This will enable them to be assessed ahead of time to see if their pension is clear and straightforward and whether Immediate Detriment can be offered to them. The Board are asked for their views on another message being put out and the best method(s) of communicating this.

### PROJECT AND COSTINGS

36. The McCloud project in Hampshire Pension Services is currently on track and on budget. The total cost for Police and Fire work on McCloud for quarter 1 of 2021/22 is £10,905.73.
37. The costs have been split according to a percentage of the active membership and a further adjustment is made due to the complexity of Fire Pension Schemes, such as temporary promotions, contribution holidays, CPD payments and pensionable pay.
38. For quarter 1, HIWFRA is attributed with 35% of the police and fire costs. The table below shows the estimated and actual costs for quarter 1.

Fire Pension Schemes - Hampshire and Isle of Wight Fire and Rescue Authority								
2021/22	Estimated Costs			Actual Costs				
Quarter	Resourcing cost for Police and Fire Schemes	% share of costs for HIWFRA	Costs for HIWFRA	Resourcing cost for Police and Fire Schemes	% share of costs for HIWFRA	Costs for HIWFRA	Difference in actual from estimate	% increase or decrease from estimate
Q1	£ 10,184.97	35.00%	£ 3,564.74	£ 10,905.73	35.00%	£ 3,817.00	£ 252.26	7.08%
Q2	£ 13,707.90	35.00%	£ 4,797.77					
Q3	£ 21,931.02	35.00%	£ 7,675.86					
Q4								
<b>TOTALS</b>	<b>£ 45,823.89</b>		<b>£ 16,038.36</b>	<b>£ 10,905.73</b>		<b>£ 3,817.00</b>	<b>£ 252.26</b>	<b>7.08%</b>

39. The table also shows the estimated costs for quarters 2 and 3 which indicates that the costs are likely to increase over the next few quarters as the workload increases for these schemes.

RECOMMENDATION

40. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
41. That Risk Register as set out in paragraphs 26-27 and Appendix A be approved by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

42. APPENDIX A – Risk Register

Contact:

Claire Neale, Employer Pension Manager, [claire.neale@hants.gov.uk](mailto:claire.neale@hants.gov.uk),  
0370 779 2790

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		Impact					
		Negligible	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	Rare	1	1	2	3	4	5
	Unlikely	2	2	4	6	8	10
	Possible	3	3	6	9	12	15
	Likely	4	4	8	12	16	20
	Almost certain	5	5	10	15	20	25

## Risk Register for Fire Pensions

Risk number	Date identified	Risk area	Risk description	Likelihood	Impact	Risk score	Control measure / mitigation	Likelihood after mitigation	Impact after mitigation	Risk score after mitigation	Risk owner
1	12/05/2017	Operations	Failure to administer the pension scheme in a proper and effective manner	2	3	6	a) Liaison with employer b) End of Year c) Employer web (UPM access) d) Fire Employer Group & Pensions Admin Group e) Fire Pension Board f) Management oversight and escalation to Rob Carr g) Diversification – we run a Shared Services arrangement h) Ability to call in temporary staff for peak workloads i) Business continuity plan	1	3	3	Scheme Manager
2	12/05/2017	Financial	Failure to pay the right amounts on time and in line with legislation	3	3	9	Pensions Services:- a) Testing software b) Internal and External Audits c) Standardisation of systems and processes d) All processes and calculation have a “doer” and a separate “checker” e) Monthly mortality screening for pensions in payment f) Declaration of Entitlement forms annually to pensioners and beneficiaries living overseas or upon mail being returned g) Participation in National Fraud Initiative reporting	2	3	6	Pension Administrator
3	12/05/2017	Funding	Failure to adequately account for fund pension contributions	2	4	8	a) Strong financial plan for HFRA b) Planned budget c) Aim to complete all Home Office returns on time	1	4	4	Scheme Manager
4	12/05/2017	Regulatory and Compliance	Failure to identify and interpret and implement legislation correctly	3	4	12	a) Scheme Advisory Board b) Local Government Association (LGA) c) Regional Fire Pension Officer Groups d) Fire Pension Board e) Employer Pension Manager as a dedicated resource liaising between - Fire Employer Group & Pensions Admin Group, pulling together - Key Accountabilities for IBC Pensions Admin Team, HR and Hampshire Pension Services	1	4	4	Scheme Manager
5	08/10/2020	McCloud	Failure to adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	4	4	16	a) Staff recruited specifically for McCloud tasks or to backfill positions so more experienced staff can be released for project b) Communications are developed in a timely manner c) Project is managed effectively with robust plans, reporting and escalation d) Key involvement from the Employer Pension Manager with both the Fire Technical Group and Fire Communications Working Group to ensure all information is received e) Work across departments to be co-ordinated from the Fire Employer Group	2	4	8	Scheme Manager

BEFORE MITIGATION		Impact					
		Negligible	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	Rare	1					
	Unlikely	2			1. Failure to administer the pension scheme in a proper and effective manner	3. Failure to adequately account for fund pension contributions	
	Possible	3			2. Failure to pay the right amounts on time and in line with legislation	4. Failure to identify and interpret and implement legislation correctly	
	Likely	4				5. Failure to adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	
	Almost certain	5					

AFTER MITIGATION		Impact					
		Negligible	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	Rare	1			1. Failure to administer the pension scheme in a proper and effective manner	3. Failure to adequately account for fund pension contributions 4. Failure to identify and interpret and implement legislation correctly	
	Unlikely	2			2. Failure to pay the right amounts on time and in line with legislation	5. Failure to adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	
	Possible	3					
	Likely	4					
	Almost certain	5					

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