



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

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **5 JULY 2023**

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, they are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website. The bulletins contain a lot of information, and the key items are highlighted in this report.
3. There have been two bulletins issued since the last Fire Pension Board reports were written. Bulletins 68 and 69 can be found in APPENDICES A – B.

COMMUTATION FACTORS (BULLETIN 68)

4. Following the changes to the SCAPE discount rate in March 2023, the Government Actuary's Department published revised commutation factors for the 1992 Scheme which take effect from 3 April 2023. For information, I've provided a small table of the commutation factors for age 50, 55 and 60.

1992 Commutation factors			
Effective Date	Age 50	Age 55	Age 60
20/05/2014	21.9	20.3	18.2
18/03/2016	22.5	20.8	18.6
31/10/2018	24.0	21.9	19.4
03/04/2023	26.2	23.6	20.6

LIFE TIME ALLOWANCE FACTSHEET (BULLETIN 68)

5. The LGA have updated the Life Time Allowance (LTA) factsheet following the changes in the Spring budget. Although the LTA has been removed, the maximum amount of tax free lump sum that a member can have is still restricted, but any taxable excess is now taxed at the members marginal rate rather than 55%. The factsheet provides a couple of useful worked examples.

PROTECTED PENSION AGE WORDING (BULLETIN 68)

6. The Communications Working Group agreed some wording which both FRAs and administrators can use to notify members about conditions attached to a Protected Pension Age (PPA).
7. A member who has 1992 membership and retires before age 55 (other than on the ground of ill health) has a PPA. The PPA can be lost upon re-employment if certain conditions are not met which then means that the member will become liable for additional tax charges.
8. Hampshire Pension Services have incorporated this wording into their letters.

HMRC RETAINED FIREFIGHTER BULLETIN (BULLETIN 68)

9. HMRC wrote to all FRAs asking for detailed information relating to National Insurance refunds for individuals of the first options exercise to join the 2006 Modified Fire Pension Scheme that took place in 2014.
10. It was not clear what information HMRC required and the Employer Pension Manager and the LGA met with the HMRC team in March 2023 to clarify the information request. As a result of that call, HMRC agreed to publish a bulletin clarifying the details they required. With a deadline to submit the information by 31 July 2023. The data for HIWFRA was submitted back to HMRC at the end of May 2023.

SAB GUIDANCE NOTE ON PENSIONABLE PAY REMEDIES (BULLETIN 69)

11. The legal adviser to the SAB, Weightmans, have written a useful note on pensionable pay remedies. The note provides steps to consider and an implementation plan along with noting unresolved errors and is a useful tool for FRAs where they need to retrospectively adjust pensionable pay.

COST CONTROL MECHANISM (BULLETIN 69)

12. On 15 May 2023, HM Treasury published a written statement and a policy paper with further detail on the cost control mechanism and the reformed scheme only design.
13. The publications confirm only the reformed scheme design will be included in the cost control mechanism. Any cost increases associated with final salary benefits and the impact of the McCloud remedy underpin will be excluded.
14. The Board may recall that in March the High Court ruled in favour of HM Treasury in that the cost control mechanism was not unlawful. We have now heard that the unions have been granted permission to appeal this decision from the Court of Appeal, so we now wait to see if that appeal goes ahead and what the outcome may be.

CONSULTATION ON TAX REGULATIONS (BULLETIN 69)

15. On 23 May 2023, HMRC published a consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No 2) Regulations 2023. This is the second set of Tax regulations in relation to the McCloud remedy. The consultation closed on 19 June 2023.
16. The Employer Pension Manager attended a round table discussion from HMRC which went through the technical aspects of the draft legislation. There are two main areas which have now been clarified, the first is that the in scope and out of scope tax year have been fixed. The second is that HMRC will have a new way for members to report at a later date, any tax charges occurring in the remedy years.

RECOMMENDATION

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

APPENDICES ATTACHED

18. APPENDIX A – [FPS Bulletin 68](#) (April 2023)
19. APPENDIX B – [FPS Bulletin 69](#) (May 2023)

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