

# APPENDIX A



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

Meeting: Hampshire Firefighters' Pension Board

Purpose: Decision

Date 17 JULY 2017

Title FIRE PENSION BOARD STATUS REPORT

Report of the Chief Financial Officer

## 1. SUMMARY

- 1.1 This report provides an update on the development of key items.
- 1.2 This report, together with attachments, provides the framework for this meeting agenda.

## 2. RECOMMENDATIONS

- 2.1 That the board is invited to note the content of this report, and confirm that they specifically support recommendations at:

Item 8.10 – Voluntary Scheme Pays (VSP) is allowed for any affected HFRS employee.

Item 9.5 - The board provide an opinion on whether members that are not in a pension scheme should be contacted to provide them with details of the benefits of the pension scheme.

Item 15.2 –To approve the Risk Register

## 3. THE PENSION REGULATOR (TPR) ONLINE PORTAL

- 3.1 At the last pension board meeting it was reported that the 2006 Fire Pension Scheme had still to be set up by TPR on their central database. This has since been achieved all schemes are now accessible through the online portal.
- 3.2 The TPR pensions education portal has online training containing seven topics, each topic takes around 30 minutes to complete; the topics are:

- Conflicts of interest
- Managing risk and controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing information to members and others
- Resolving internal disputes
- Reporting breaches of law

3.3 Board members are invited to improve their knowledge and understanding by completing the modules. Once all modules are complete, a certificate is available and this should be submitted for inclusion on the Board Member's training record.

#### 4. PRESENTATION FROM LPP

4.1 There has been interest to receive a presentation from LPP, an alternative pension provider, to understand how they see the Fire Pension administration developing in the future, and more specifically how they manage and administer their current business. The board will be invited to attend a separate meeting in due course.

#### 5. 30 YEAR PENSION CONTRIBUTION HOLIDAY

5.1 The refund of pension contributions as a result of the 30 year rule has now been completed. The final number of retired personnel in scope was 65. The number of affected personnel was lower than that previously reported following an audit of the data before cases were finally processed.

5.2 Repayments have been made to 62 out of the 65 retired personnel. The outstanding three retired firefighters have not yet been paid as they have not returned a signed HMRC declaration along with their bank details; this is despite three letters being sent to their home addresses using the Royal Mail 'signed-for' service. These are no longer being pursued.

5.3 The total gross amount due to the 65 firefighters affected was £314,134; the net amount was £187,880. So that a refund can be given to HFRS, the amounts have been notified to the Home Office.

5.4 For employed firefighters who achieve 30 years service before their 50th birthday and who remain in the 1992 Fire Pension Scheme, a manual process has been introduced to cease pension contributions and re-commence again

at age 50. There are currently 10 employees within scope and a further 11 have been identified.

## 6. UNAUTHORISED PAYMENTS

6.1 HMRC have now provided the final contract settlement amount in respect of the 4 outstanding unauthorised payment cases relating to retirements / re-employment cases dating back to 2010 to 2011.

6.2 A total payment of tax and interest amounting to £115,107 will be made within 30 days of receipt of the acceptance letter from HMRC. It is therefore anticipated that this matter will be concluded by the end of this month. A provision with the fire pension accounts of £142,000 more than covers the payment due to HMRC.

## 7. TRAINING ALLOWANCES

7.1 At the HFRS Standards & Governance Committee held on 23 March 2017 the recommendation to make the 10% training allowance pensionable was approved. Since this date work has been undertaken to amend the training allowance wage type within the payroll system so that it is included within the pension contribution calculation.

7.2 It is anticipated that this will be implemented in time for the July payroll and arrears between 1 April and 30 June will be collected. Members previously identified have been written to advising them of the delay.

7.3 As part of the work to determine eligibility a number of firefighters have been identified as receiving a 10% training allowance although they are not working within the academy. Work is underway to determine why a 10% allowance is being paid and whether it should continue.

7.4 There are potentially a further 13 firefighters who may be impacted and the board will be updated on the outcome of this work when it is completed by the HR department.

## 8. VOLUNTARY SCHEME PAYS

8.1 HMRC have set limits on the amount of pension savings that an employee can contribute in any tax year. This is called the Annual Allowance (AA) and is presently capped at £40,000.

- 8.2 The Government has now (for 2017/18) introduced a tapered AA for certain high earning employees which can have the effect of reducing the AA to £10,000
- 8.3 Where a member's pension contributions exceeds the AA in any one tax year and they do not have any unused allowances from the previous three years to cover the excess, then this will result in a tax charge.
- 8.4 The member can request that the scheme pays the tax charge on their behalf and as a consequence, the annual pension will have a permanent debit, this is known as Scheme Pays offset.
- 8.5 To enable the member to utilise the Mandatory Scheme Pays (MSP) option they must fulfil three criteria:
- (a) The tax charge must be greater than £2,000
  - (b) The pension savings must be greater than the AA limit for the year. Any tapered AA is ignored for this purpose.
  - (c) An election to use Scheme Pays must be made within the relevant deadlines.
- 8.6 Where a member does not meet the three criteria above, then this is considered to be Voluntary Scheme Pays (VSP) and it is this option which has led to some uncertainty.
- 8.7 VSP is likely to occur where either the tax charge is less than £2,000 or where the member has a tapered AA and exceeds this, but does not exceed the total limit.
- 8.8 The Local Government Association (LGA) has sought legal advice over whether Fire & Rescue Authorities (FRA) can utilise Voluntary Scheme Pays (VSP) and the advice received is attached in Appendix A.
- 8.9 Our interpretation of this advice is that an FRA can offer VSP to members, but it is up to each FRA to make their own decision. HCC Legal Services have confirmed that the advice provided from LGA is reasonable. A report will be provided to Standards & Governance Committee on 15 September 2017.
- 8.10 It is recommended that the pension board supports a recommendation to allow VSP for any affected HFRS employee.

## 9. OPT OUTS

9.1 During the period 1 July to 31 December, there were 55 opt outs from the 2015 Fire Pension Scheme as set out in the following table:

	Deferred pension entitlement	New joiner	Automatic re-enrolment	<b>Total</b>
Retained	3	1	5	<b>9</b>
Whole-Time	2	19	25	<b>46</b>
<b>Total</b>	<b>5</b>	<b>20</b>	<b>30</b>	<b>55</b>

9.2 Given that the automatic re-enrolment date was 1 October 2016 it is not surprising that the number of opt outs increased in this period. For information, the youngest was aged 21 and the oldest age 57. The average age of the optant out members was 38.

9.3 Currently there are 3,775 roles subject to the Fire Pension Schemes within Hampshire and a total of 1,365 are opted out (36%).

9.4 The majority of roles that are not in a pension scheme are retained roles; a member could be in a scheme in their whole time post but not their retained post.

9.5 The board are asked to consider if they have a view on whether members that are not in a pension scheme should be contacted to provide them with details of the benefits of the pension scheme.

## 10. CONTRIBUTION RATES PUBLIC SECTOR SCHEMES

10.1 Details of other public sector schemes contribution rates have been compiled. This can be found in Appendix B.

## 11. THE PENSION REGULATOR (TPR) SELF ASSESSMENT TOOL

11.1 In the last board report there was a summary of the amber and red items from the TPR self assessment survey, along with all the results of the survey.

11.2 The survey is split into three categories,

- Governing your scheme,
- Managing risks and issues and
- Administration.

11.3 To confirm that improvements have been made, the self assessment has been completed again. The board is invited to note that over the last four months, substantial progress has been made. The results are in Appendix C.

11.4 There are now three amber and one red item remaining. One of the amber items relates to member communications being clear, accurate and easily accessible. It is anticipated that this item will be resolved with the launch of the new Employer Pension web pages. The remaining amber and red items are all covered by the record keeping plan

## 12. RECORD KEEPING PLAN

12.1 The board report in February stated that the target date for completion of the record keeping plan was 31 March 2017.

12.2 The record keeping plan has not yet been completed partly due to a change in management of Pension Services and partly due to a decision to create a composite record keeping plan for all partners (HFRS, LGPS and Police).

12.3 There is a record keeping statement but there are no tools to assess the current position to develop an improvement plan.

12.4 Hampshire Pension Services were going to buy this service from South Yorkshire Pension Fund, but they have withdrawn this for the time being. Therefore the options available need to be reassessed.

## 13. EMPLOYER PENSION GROUPS

13.1 The Employer Pension Manager, Claire Neale, has been making good progress in her role. There have been some quick wins and some longer term items are in progress.

13.2 The Employer groups consisting of 3 groups; one for LGPS, one for Police and one for Fire; along with a Pensions Admin group were set up in April 2017 with Terms of Reference having been agreed for each of them.

- 13.3 Each of the groups meets monthly. They review an issues log and provide updates where necessary as well as discussing any upcoming items that may require communication to members or a more detailed piece of work.
- 13.4 Items are also referred to the Pensions Admin Group so that there is a complete overview for the Employer Pension Manager and Head of Finance.
- 13.5 The member estimate request process was identified as an immediate item that could be improved. The estimate request form has been re-drafted to accommodate all four schemes and this is now available upon request from members. This is an interim step as the form will be available via the new Employer pension pages once launched.

#### 14. PRESENTATIONS

- 14.1 The Employer Pension Manager has delivered some pension training to new recruits. The briefing covered the benefits of the new 2015 Fire Pension Scheme. This was well received and clearly shows that there is an appetite for pension information to be available.
- 14.2 The Employer Pension Manager has three pre-retirement courses lined up where a pension presentation will be delivered as part of the course. The first one is on 24 July.
- 14.3 The pre retirement course will cover most aspects of the four fire pension schemes including how the pension is calculated, the options with commutation, the HMRC limits, the retirement process, protected pension age and re-engagement issues, contacts and further information.

#### 15. RISK REGISTER

- 15.1 A risk register has been compiled and can be found in Appendix D.
- 15.2 It is recommended that the pension board approves the risk register.

#### 16. GOVERNANCE OF FIRE PENSIONS

- 16.1 At the last board meeting it was agreed that a governance chart would be prepared. This is attached in Appendix E and shows the relevant bodies involved in the governance of fire pensions, together with a brief summary of the roles and responsibilities for each body.

## 17. WEB PAGES / INTRANET ACCESS AND CONTENT

- 17.1 The Employer Pension Manager, in consultation with HR and other stakeholders has developed a new suite of Employer Pension web pages. This will replace what is already there but in a much more simplified format, with hopefully less confusing information.
- 17.2 The new pension pages will link from the new fire portal and will have three main sections with subheadings under each category.
- I want to....
  - Policies
  - Further information on....
- 17.3 Details of the tiles on the new web pages are in Appendix F. When a user clicks on each of these tiles, there will be some information provided; this could be outlining the process, a link to relevant forms / documents / web pages, or simply information.
- 17.4 The draft Employer Pension web pages can be found <http://hantsweb-staging.hants.gov.uk/hfrspensions>. Feedback from board members will be welcome before go live launch.
- 17.5 At go live, there will be communications sent out to not only to members, but also to HR, IBC Pensions Admin Team and Pensions Services to publicise the new pages. All parties will be asked to signpost members to these pages.
- 17.6 Feedback from all users on an ongoing basis will be useful and if there are changes required, then these can be made as and when required.
- 17.7 Continuing management and maintenance of the new web pages will be the responsibility of HR.

Contact:

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## APPENDIX A

# ‘Voluntary Scheme Pays’ in the Firefighters’ Pension Schemes

### Background

#### Mandatory Scheme Pays (‘MSP’)

1. Individuals whose annual growth in pension savings during the Scheme’s ‘Pension Input Period’ exceeds **HMRC’s standard Annual Allowance Limit (‘HMRC AA Limit’)**, currently set at £40,000, and who have no unused Annual Allowance to carry forward from the previous three tax years will be subject to an **Annual Allowance tax charge (‘AA tax charge’)**.
2. The individual can pay the AA tax charge from their own personal finances, however, the Finance Act 2004 provides that a pension scheme must provide a ‘Scheme Pays’ facility<sup>1</sup> where all of the following qualifying conditions are met:
  - (i) The HMRC AA limit (currently set at £40,000) has been exceeded in the pension scheme that the Scheme Pays election is made; and
  - (ii) An AA tax charge exceeding £2,000 has been triggered; and
  - (iii) The relevant time limits for making an election have been met.

#### Voluntary Scheme Pays ‘VSP’

3. Where a member does not meet the conditions for Mandatory Scheme Pays ‘MSP’ to apply or they do not make their nomination in time then a scheme may decide to pay the member’s annual allowance charge on a voluntary basis ‘VSP’.
4. Changes to the tax rules now mean that some high earning members with income of more than £150,000 per annum are now subject to a **Tapered Annual Allowance (‘tapered AA’)** which reduces from £40,000 to £10,000 incrementally for those earning between £150,000 and £210,000 per annum.

Members who are subject to a tapered AA will incur an AA tax charge where their pension growth exceeds their tapered AA. The tapered AA will be lower than the £40,000 HMRC AA limit and therefore these members cannot use MSP to pay this charge.

5. With the introduction of the 2015 Scheme, members of the 1992 Firefighters’ Pension Scheme (‘1992 Scheme’) and 2006 Firefighters’ Pensions Scheme (‘2006 Scheme’) who have transferred into the 2015 Scheme on or after 1 April 2015 will effectively be members of two pension schemes and will see pension benefit growth in both schemes until retirement:

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<sup>1</sup> A scheme pays facility works by having the pension fund pay the member’s tax charge initially. This is then repaid by the member as a debit is added to their pension once it comes into payment

By virtue of accruing their pension growth across two rather than one pension scheme, there is an increased likelihood that although the member's total annual pension growth across both schemes may exceed £40,000, the pension growth in any one of the schemes may fall short of the HMRC AA limit. As such, they will not be eligible to use MSP to pay the AA tax charge.

## Home Office Proposal

6. At their meeting of 6th March 2017, the Firefighters Scheme Advisory Board considered and agreed an initial proposal from the Home Office to amend the Firefighter Pension Regulations to allow the charge to be met in the circumstances below using Voluntary Scheme Pays (**VSP**)
  - (i) transitional members with pension growth of over £40,000 across both schemes (HMRC AA limit) and a corresponding tax charge, to use the scheme to pay this cost initially, before it is repaid by a pension debit added to the member's pension when it comes into payment
  - (ii) members subject to a tapered AA, to use the scheme to pay their charge initially and then this be repaid via a pension debit. For this option, it is also recommended that the member should be required to make an initial contribution of £2,000 from their own finances towards the resultant AA tax charge.
7. It is now for the Home Office to seek the new administration's views on the proposal after the General Election. Assuming this is taken forward the working assumption is that these changes would be introduced via an amendment to the pension scheme regulations rather than guidance. Legislative amendments take time and therefore will not be introduced in the short term.
8. **It is important to note that this is simply a proposal at this time and is not a guarantee that legislation will change. It will be dependent on a number of factors.**
9. Therefore unless or until that legislation is introduced it is for the FRA to consider their approach to this issue ensuring that what they do is both lawful and appropriate.

## **Can an FRA operate Voluntary Scheme Pays?**

10. This note therefore considers whether FRAs have the ability to offer **Voluntary Scheme Pays 'VSP'** without an amendment to the Firefighter Pension Regulations, and that it is both lawful and appropriate.
11. LGA has recently sought legal advice on behalf of English FRAs, in order to determine whether an FRA can offer voluntary scheme pays, without the need for a change to legislation.
- 12. The legal advice was prepared solely for the Local Government Association ("LGA"). Sharing of this legal advice does not amount to a waiver of legal privilege by Eversheds Sutherland.**
13. To operate voluntary scheme pays there are two different steps.
  1. The first is for the Fire Authority to pay the annual allowance charge on behalf of the scheme member to HMRC
  2. The second is for the Fire Authority to adjust the members benefit to reflect the payment made by the administrator

### **Step 1 – Can the Fire Authority satisfy a member's annual allowance charge on a voluntary basis?**

14. The legal advice we have sought opines 'yes, we consider that it is possible for an FRA to operate voluntary "scheme pays"'.

The instruction to Eversheds Sutherland from LGA was

*"Does a FRA have the power to agree to voluntary "scheme pays", taking into account both the relevant provisions of the FPS Regulations and the FRA's general powers, and to pay the member's tax liability from the Firefighters' Pension Fund (the "FPF") maintained under the FPS Regulations?"*

15. The short answer was 'yes' the longer answer (paraphrased) was 'yes because they have a power of general competence, which may be exercised reasonably where there are sufficient grounds for doing so'.

16. Extract from the 'executive summary' of the legal advice

3. In relation to the specific questions posed:

- 3.1 Yes, we consider that it is possible for a FRA to operate voluntary "scheme pays":

- 3.1.1 A FRA which is a county council in England can operate voluntary "scheme pays" relying on s.1 of the Localism Act 2011 and reg.2 of the Modification Regulations. It would be possible to construct an argument that the necessary powers are conferred by virtue of s.111 of the Local Government Act 1972, but the position is less clear-cut than under the Localism Act.

3.1.2 For those FRAs which are metropolitan county FRAs or created by Order as a combined FRA the power to operate such a scheme is derived from s.5A of the Fire and Rescue Services Act 2004 which was inserted by s.9 of the Localism Act 2011.

3.1.3 Where a FRA agrees to operate voluntary “scheme pays”, it can properly pay the amount of the tax charge which is due to HMRC from its FPF without contravening the FPS Regulations.

## 17. Extract from the ‘detailed advice’ of the legal advice

3.2 First, as regards the question of whether a FRA may agree to meet a member’s liability to the annual allowance charge, the arrangements for the administration of the FPS are set out in regulations which are complex in nature and very prescriptive. This is true of many areas of local government activity, and through the Localism Act 2011 the then Government introduced a means by which specific regimes can be supplemented by the exercise of a broad general power of competence for local authorities.

3.3 Those FRAs which are county councils may exercise this power to enter into the necessary arrangements with the member and HMRC. This power cannot be exercised where there is express prohibition of the action proposed. However, since there is no express prohibition of the action proposed here, the FRA may participate in such an arrangement.

3.4 The power of general competence, like all local authority powers, must be exercised reasonably. The FRA must be satisfied that there are sound reasons to make the payments and that the interests of the authority are not harmed by so doing.

3.5 We believe that there are sufficient grounds on which the authority could conclude that there are sound reasons for offering a voluntary “scheme pays” facility, given that (for instance) the effect of the recently introduced tapered annual allowance is that scheme members may now face a substantial tax charge without being able to access the mandatory “scheme pays” facility (because the latter provisions remain based upon the standard annual allowance). Similarly, the interests of the authority will not be harmed, provided that the authority is able to make a consequential adjustment under the Modification Regulations, because the payment will ultimately be met from the member’s benefit entitlement, and because the authority will have discretion as to when to offer voluntary “scheme pays”, meaning that the administrative burden of such arrangements can be retained within manageable bounds.

3.6 It should be noted that the Localism Act 2011 provisions apply only to English local authorities.

3.7 For those English fire and rescue authorities which are not county councils there is power in the Fire and Rescue Services Act 2004 to enter into voluntary “scheme pays” arrangements subject to the same principles and constraints as apply to county councils.

3.8 Section 5A of the Fire and Rescue Services Act 2004 was inserted by s.9 of the Localism Act 2011. This provides as follows:

***“Powers of certain fire and rescue authorities***

*(1) A relevant fire and rescue authority may do—*

*(a) anything it considers appropriate for the purposes of the carrying-out of any of its functions (its “functional purposes”),*

*(b) anything it considers appropriate for purposes incidental to its functional purposes,*

*(c) anything it considers appropriate for purposes indirectly incidental to its functional purposes through any number of removes,*

*(d) anything it considers to be connected with—*

*(i) any of its functions, or*

*(ii) anything it may do under paragraph (a), (b) or (c), and*

*(e) for a commercial purpose anything which it may do under any of paragraphs (a) to (d) otherwise than for a commercial purpose.*

*(2) A relevant fire and rescue authority's power under subsection (1) is in addition to, and is not limited by, the other powers of the authority.*

*(3) In this section “relevant fire and rescue authority” means a fire and rescue authority that is—*

*(a) a metropolitan county fire and rescue authority,*

*(b) the London Fire and Emergency Planning Authority,*

*(c) constituted by a scheme under section 2, or*

*(d) constituted by a scheme to which section 4 applies.”*

*[Sections 2 and 4 relate to combined FRAs.]*

3.9 Reliance upon s.111 of the Local Government Act 1972 requires the FRA to be satisfied that it is doing something *“which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions”*. The purpose of the incidental power is to enable actions to be taken in support of statutory functions, so it is necessary to identify the function before the authority can be said to be acting incidentally to it. The functions of a local authority acting as a FRA and as scheme administrator (for tax purposes) are defined by statute and regulation, and it can be argued that entry into a voluntary “scheme pays” arrangement is incidental or conducive to the performance of those functions (though the position is necessarily not as clear-cut as with the general power of competence under the Localism Act). Again, the test of reasonableness is to be applied.

**‘Exercised reasonably where there are sufficient grounds for doing so’**

18. The power of general competence that allows an FRA to satisfy an annual allowance charge on a voluntary basis, must be exercised reasonably and the FRA must be satisfied there are sound reasons for doing so.
19. LGA consider that the circumstances below proposed by the Home Office and agreed by the Scheme Advisory Board should be considered as sound reasons.
  - Transitional members with service in one of the 1992 or 2006 Schemes, and the 2015 Scheme, are able to access a VSP arrangement in the same way that a protected 1992 or 2006 scheme member, or a member with service only in the 2015 Scheme, can do so through Mandatory Scheme Pays.
  - Scheme members with a tapered annual allowance are able to use a VSP arrangement to pay a tax charge in a circumstance where the pension growth in one scheme (or more schemes) is less than the £40,000 general AA limit but more than their own tapered AA limit.
20. Any fire authority wishing to make a Voluntary Scheme Pays arrangement for reasons outside of the two listed are advised to consider whether to do so is a reasonable exercise of their powers and they would have sound reasons for doing so. For example they may not consider allowing a VSP arrangement for a member who would have been eligible for Mandatory Scheme Pays but did not notify the authority within the statutory limit to be a reasonable exercise of their powers.

## Step 2 – Can a fire authority adjust a members benefits to reflect the payment made?

21. Having established that the fire authority has the vires in order to satisfy the members charge. The second question for consideration, is does the Fire authority have the power to adjust the members benefit (ie the scheme pays debit) to recover the charge?
22. The Modification of Scheme Rules [SI 2011/1791], Rule 2, Paragraph 2 allows for such an adjustment to be made to the pension (ie the scheme pays debit)

*2.—(1) This regulation applies where a scheme administrator of a registered pension scheme (“the scheme”) satisfies all or part of a member’s liability to the annual allowance charge, either on a voluntary basis or pursuant to a liability under section 237B of the Finance Act 2004(1).*

*(2) The rules of the scheme shall be modified so as to allow for a consequential adjustment to be made to the entitlement of the member to benefits under the scheme on a basis that is just and reasonable having regard to normal actuarial practice. This paragraph is subject to paragraph (3).*

*(3) Any modification to the scheme’s rules made by virtue of paragraph (2) is subject to section 159 of the Pension Schemes Act 1993(2) or section 155 of the Pension Schemes (Northern Ireland) Act 1993(3) (inalienability of guaranteed minimum pension etc).*

23. The intent of this regulation is explicitly laid out in the explanatory memorandum paragraph 2.1

*This instrument provides that where a scheme administrator of a registered pension scheme satisfies an annual allowance charge on behalf of a member of the pension scheme from the member’s pension benefits, any rules of the pension scheme which prevent such an adjustment to the member’s pension benefits are modified to allow for such adjustments.*

### For the avoidance of doubt who is the ‘scheme administrator’?

24. The modification of scheme rules refers to the ‘scheme administrator’ for the avoidance of doubt, LGA sought legal guidance onto whom this refers in the case of a Fire Authority.

Does a FRA count as the “*scheme administrator*” for the purposes of reg.2(1) of The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011 (the “**Modification Regulations**”), taking into account the effect of The Registered Pension Schemes (Splitting of Schemes) Regulations 2006 (the “**Split Scheme Regulations**”)?

25. The legal advice opines that the FRA in this case is the 'scheme administrator'.

4.1 Yes. The Split Scheme Regulations provide in reg.2(1)(a) that all registered pension schemes listed in Schedule 1 to the regulations are to be treated as "split schemes". Both the 1992 scheme and the 2015 scheme are listed by name, and although the 2006 scheme (the NFPS) is not expressly listed by name, it is clear that the intention is for the reference in Sch.1 to the "Firefighters Pension Scheme" to cover both the 1992 and the 2006 schemes, since reference is made expressly to s.34 of the Fire and Rescue Services Act 2004, which is the enabling legislation for the 2006 scheme.

4.2 On the basis that all three FPS schemes are to be treated as "split schemes", this therefore means that under reg.3(2) of the Split Scheme Regulations, in the provisions referred to in Schedule 3 to those regulations, *"any reference to the scheme administrator shall be read as a reference to the sub-scheme administrator"*. Schedule 3 includes the Modification Regulations.

4.3 Under reg.1, the "sub-scheme administrator" for a split scheme is *"the scheme administrator of a sub-scheme appointed in accordance with the rules of the split scheme to be responsible for the discharge of the functions conferred or imposed on the sub-scheme administrator by or under these Regulations"*.

4.4 In relation to the 2015 scheme, this is clearly the FRA as "scheme manager" for the purposes of the 2014 Regulations. Under reg.177 of the 2014 Regulations:

*"177 Scheme administrator for the purposes of the Finance Act 2004  
The scheme manager is appointed to be responsible for all liabilities and responsibilities connected with the functions conferred or imposed on the scheme administrator by or under Part 4 of FA 2004 which the scheme manager assumes as sub-scheme administrator under regulation 3 of, and Schedule 3 to, the Registered Pension Schemes (Splitting of Schemes) Regulations 2006."*

4.5 In relation to the 2006 scheme and the 1992 scheme, there is no explicit statement under either the 2006 Order or the 1992 Order confirming who is to act as scheme administrator for the purposes of the Finance Act 2004. However, given that under both sets of provisions, the FRA is expressly required to deduct tax / lifetime allowance charges which are due on any payments, it can be inferred that the intention was for the FRA also to be the scheme administrator for Finance Act purposes.

4.6 Therefore, a decision by a FRA to operate voluntary "scheme pays" would constitute a "scheme administrator" satisfying *"all or part of a member's liability to the annual allowance charge"* for the purposes of reg.2(1) of the Modification Regulations. As such, it would trigger the operation of reg.(2)(2), which would override the provisions of the FPS to the extent needed to make the *"consequential adjustment"* to the member's benefit entitlement.



## Summary

26. In certain circumstances, an individual cannot use Mandatory Scheme Pays 'MSP' to pay a relevant HMRC tax charge. This note considers whether an FRA can satisfy the tax charge on a members behalf using Voluntary Scheme Pays 'VSP'
27. The Home Office is considering amendment to the legislation that would allow an FRA to use 'VSP' in certain circumstances only. However, unless or until that legislation is introduced it is for the FRA to consider their approach to this issue ensuring that what they do is both lawful and appropriate.
28. Having taken Legal advice on behalf of FRA's, LGA can confirm that an FRA (including County Councils, combined Fire Authorities and Metropolitans) can offer Voluntary Scheme Pays arrangements in order to pay the tax bill where a member of the scheme cannot use mandatory scheme pays because they have a power of general competence, which may be exercised reasonably where there are sufficient grounds for doing so'.
29. It is considered that FRAs should consider the test of 'exercised reasonably where there are sufficient grounds for doing so' to be in line with the two circumstances proposed by the Home Office and agreed by the Scheme Advisory Board:
  - Transitional members with service in one of the 1992 or 2006 Schemes, and the 2015 Scheme, are able to access a VSP arrangement in the same way that a protected 1992 or 2006 scheme member, or a member with service only in the 2015 Scheme, can do so through Mandatory Scheme Pays.
  - Scheme members with a tapered annual allowance are able to use a VSP arrangement to pay a tax charge in a circumstance where the pension growth in one scheme (or more schemes) is less than the £40,000 general AA limit but more than their own tapered AA limit.
30. The Fire Authority as the 'scheme administrator' have an express power under Rule 2, paragraph 2 of the Modification of Scheme Regs SI 2011/1791, to allow for an adjustment to be made to the pension (ie in this case a scheme pays debit)

## Final Note

31. This note was prepared on 31st May 2017 for Fire Authorities consideration by the Local Government Association. It does not constitute legal advice and should not be treated as so.

## APPENDIX B

### Contribution rates

#### Parliamentary Contributory Pension Fund Ministerial Pension Scheme

Rate	Percentage of ministerial pensionable pay	Accrual rate
Standard rate	11.9%	1/40 accrual
Middle rate	7.9%	1/50 accrual
Lower rate	5.9%	1/60 accrual

Ministerial position held	Additional contribution paid
Secretaries of State, Leader of the Opposition in the commons and Speaker in the house of Lords	2.4%
Ministers of State, Government Chief Whip, Leader of the Opposition in the Lords, Chairman of Committees of the House of Lords and Deputy Chairman of Committees of the House of Lords	1.6%
Parliamentary Under Secretaries, Government Whips and Opposition Whips.	1%

Ministers who are not MPs must choose accrual rate, otherwise accrual rate is same as for MPs Pension Scheme.

#### MPs Pension Scheme

Rate	Percentage of MPs pensionable pay	Accrual rate
Standard rate	13.75%	1/40 <sup>th</sup> accrual
Middle rate	9.75%	1/50 <sup>th</sup> accrual
Lower rate	7.75%	1/60 <sup>th</sup> accrual

#### New MPs Pension Scheme (CARE scheme from 08/05/2015)

Rate	Percentage of MPs pensionable pay	Accrual rate
Standard rate	11.09%	1/51 accrual

## Summary of MPs scheme

Rate	Ministerial Pension Scheme	MPs Pension Scheme	New MPs Pension Scheme
Standard rate	11.9%	13.75%	11.09%
Middle rate	7.9%	9.75%	-
Lower rate	5.9%	7.75%	-

Ministerial position held	Additional contribution paid
Secretaries of State, Leader of the Opposition in the commons and Speaker in the house of Lords	2.4%
Ministers of State, Government Chief Whip, Leader of the Opposition in the Lords, Chairman of Committees of the House of Lords and Deputy Chairman of Committees of the House of Lords	1.6%
Parliamentary Under Secretaries, Government Whips and Opposition Whips.	1%

## Civil Service Pension Scheme

Annualised rate of pensionable earnings	Classic, classic plus, premium, nuvos and alpha Member contribution rate
£0.00 to £15,000	4.60%
£15,001 to £21,422	4.60%
£21,423 to £51,005	5.45%
£51,006 to £150,000	7.35%
£150,001 and above	8.05%

## Teachers Pensions

Annual salary rate for eligible employment	Member contribution rate
Up to £25,999.99	7.4%
£26,000 to £34,999.99	8.6%
£35,000 to £41,499.99	9.6%
£41,500 to £54,999.99	10.2%
£55,000 to £74,999.99	11.3%
£75,000 and above	11.7%

## Local Government Pension Scheme

Actual pensionable pay	Contribution rate	
	Main Section	50/50 Section
Up to £13,600	5.5%	2.75%
£13,601 to £21,200	5.8%	2.9%
£21,201 to £34,400	6.5%	3.25%
£34,401 to £43,500	6.8%	3.4%
£43,501 to £60,700	8.5%	4.25%
£60,701 to £86,000	9.9%	4.95%
£86,001 to £101,200	10.5%	5.25%
£101,201 to £151,800	11.4%	5.70%
More than £151,801	12.5%	6.25%

## Fire Pension Schemes

### 1992 Scheme & Modified Scheme

Whole-time equivalent pensionable pay	Member contribution rate
Up to £15,454	11.00%
£15,454 to £21,636	12.20%
£21,636 to £30,909	14.20%
£30,909 to £41,212	14.70%
£41,212 to £51,515	15.20%
£51,515 to £61,818	15.50%
£61,818 to £103,030	16.00%
£103,030 to £123,636	16.50%
More than £123,636	17.00%

### 2006 scheme

Whole-time equivalent pensionable pay	Member contribution rate
Up to £15,454	8.50%
£15,454 to £21,636	9.40%
£21,636 to £30,909	10.40%
£30,909 to £41,212	10.90%
£41,212 to £51,515	11.20%
£51,515 to £61,818	11.30%
£61,818 to £103,030	11.70%
£103,030 to £123,636	12.10%
More than £123,636	12.50%

## 2015 scheme

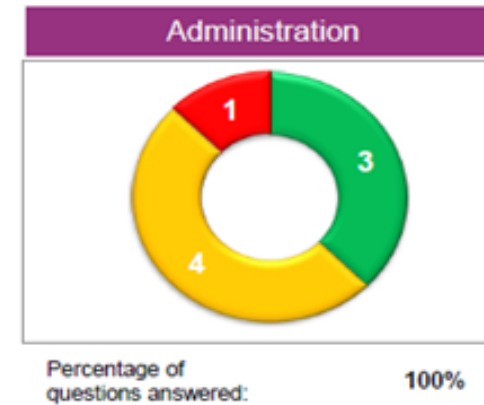
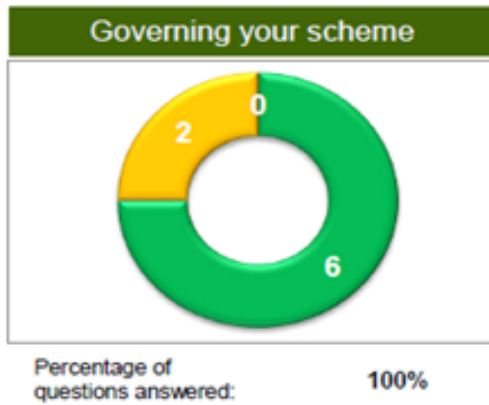
Whole-time equivalent pensionable pay	Member contribution rate
Up to £27,543	10.50%
£27,544 to £51,005	12.70%
£51,006 to £142,500	13.50%
£142,501 or more	14.50%

## APPENDIX C

### TPR Self assessment tool

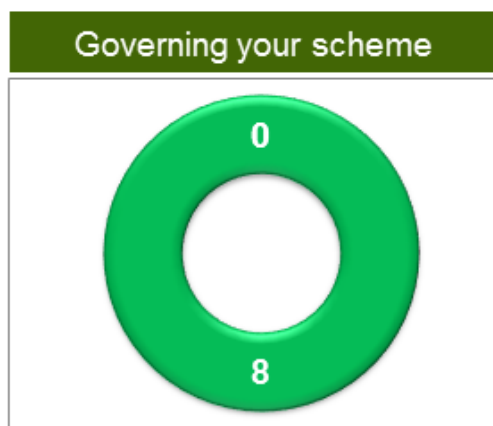
Results in February 2017

#### A summary of your results



Results in June 2017

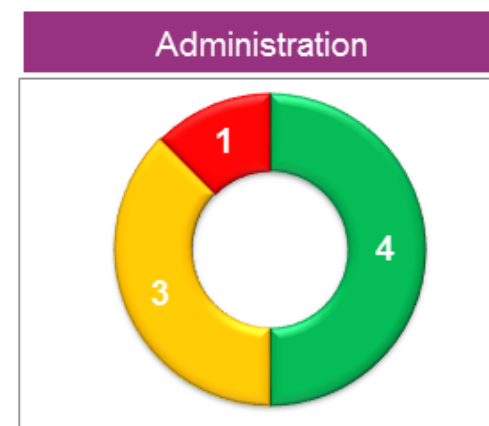
## A summary of your results



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**

APPENDIX D

Risk Register

			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

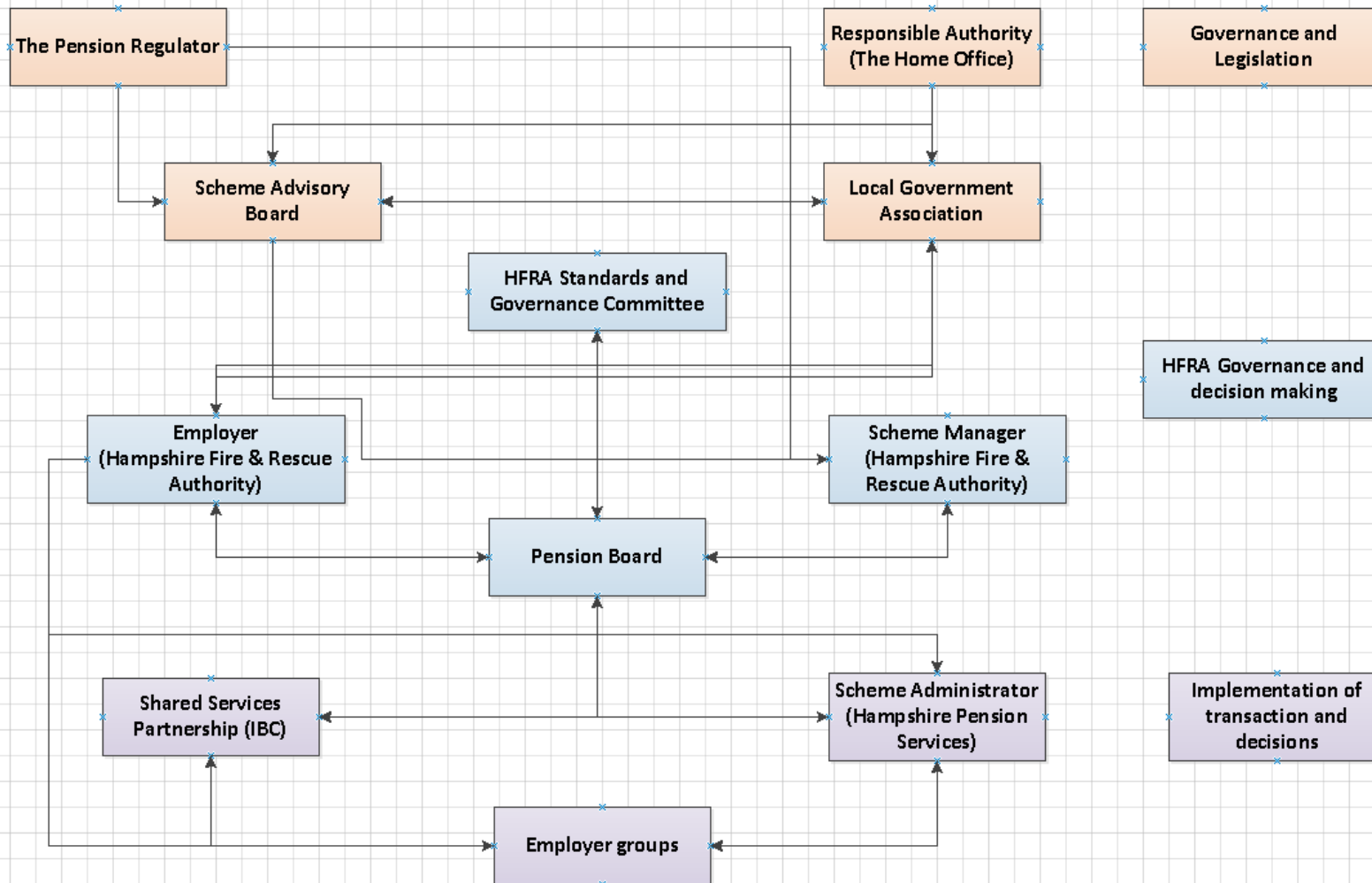
Risk number	Date identified	Risk area	Risk description	Likelihood	Impact	Risk score	Control measure / mitigation	Likelihood after mitigation	Impact after mitigation	Risk score after mitigation	Risk owner
1	12/05/2017	Operations	Failure to administer the pension scheme in a proper and effective manner	2	3	6	<ul style="list-style-type: none"> <li>• Liaison with employer</li> <li>• End of Year</li> <li>• Employer web (UPM access)</li> <li>• Fire Employer Group &amp; Pensions Admin Group</li> <li>• Fire Pension Board</li> <li>• Management oversight and escalation to Rob Carr</li> <li>• Diversification – we run a Shared Services arrangement</li> <li>• Ability to call in temporary staff for peak workloads</li> <li>• Business continuity plan</li> </ul>	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	<ul style="list-style-type: none"> <li>• Testing software</li> <li>• Internal and External Audits</li> <li>• Standardisation of systems and processes</li> <li>• All processes and calculation have a “doer” and a separate “checker”</li> <li>• Monthly mortality screening for pensions in payment</li> <li>• Declaration of Entitlement forms annually to pensioners and beneficiaries living overseas or upon mail being returned</li> <li>• Participation in National Fraud Initiative reporting</li> </ul>	2	3	6	Pension Administrator
3	12/05/2017	Funding	Failure to adequately account for fund pension contributions	2	4	8	<ul style="list-style-type: none"> <li>• Strong financial plan for HFRA</li> <li>• Planned budget</li> <li>• Aim to complete all Home Office returns on time</li> </ul>	1	4	4	Scheme Manager
4	12/05/2017	Regulatory and Compliance	Failure to identify and interpret and implement legislation correctly	3	4	12	<ul style="list-style-type: none"> <li>• Scheme Advisory Board</li> <li>• Local Government Association (LGA)</li> <li>• Regional Fire Pension Officer Groups</li> <li>• Fire Pension Board</li> <li>• Employer Pension Manager as a dedicated resource liaising between                             <ul style="list-style-type: none"> <li>o Fire Employer Group &amp; Pensions Admin Group, pulling together</li> <li>o Key Accountabilities for IBC Pensions Admin Team, HR and Hampshire Pension Services</li> </ul> </li> </ul>	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				
	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
	Unlikely	2			2. Failure to pay the right amounts on time and in line with legislation	4. Failure to identify and interpret and implement legislation correctly
	Possible	3				
	Likely	4				
	Almost certain	5				

## APPENDIX E

### Governance

# Fire governance and how it works together



## **Governance - roles and responsibilities**

### **Responsible authority**

The responsible authority designs the scheme and determines the scheme regulations, which will specify the Scheme manager and the matters for which the Pension board is responsible. For the Firefighters Pension Schemes (England) the responsible authority is the Home Secretary (Home Office)

### **The Pensions Regulator**

The Pensions Regulator (TPR) is the public body that protects workplace pensions in the UK. Working with employers and those running pensions it aims to ensure that people can save safely for their retirement.

TPR is sponsored by the Department for Work and Pensions and works in partnership with a number of government and regulatory bodies, including the Home Office and Local Government Association (LGA) in respect of Fire Pension schemes. TPR directly regulates Scheme managers and pension boards, but will engage with other stakeholders.

### **Local Government Association (LGA)**

The LGA provides pension related guidance to Fire and Rescue authorities on Finance issues, authority discretions, technical advice and best practice.

Works on behalf of councils to ensure local government has a strong, credible voice with national government. LGA aims to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

### **Scheme advisory board (SAB)**

The scheme advisory board is responsible for advising the Responsible authority about possible scheme changes. In some schemes, the board may also advise Scheme managers and/or Pension boards on improving the administration and management of the scheme.

### **HFRA Standards and Governance Committee (S&GC)**

The S&GC oversees the discharge of the Authority's duty to promote and maintain high standards of conduct covering training, protocols adopted by the authority and related matters to enable high standards of conduct to be maintained.

Under the Governance heading the committee reviews and amends the corporate governance framework for the authority, including reports from the treasurer, internal audit, annual statement of accounts, risk management strategy and health & safety.

It approves the annual Operational Assurance statement (part of the requirements of the National Framework for the Fire and Rescue Service 2012).

## **Employer**

Responsible for discretionary policy decisions, implementation of policy and development of local procedures. Deals with appeals and disputes from members in accordance with established best practice.

## **Scheme manager**

The Scheme manager has overall management responsibility for the schemes. For the Firefighters Pension Scheme the administering authority is the Scheme manager.

## **Pension boards**

Pension boards are responsible for assisting the Scheme manager in securing compliance with:

- scheme regulations
- other governance and administration legislation
- any requirements of The Pensions Regulator
- additional matters, if specified by scheme regulations
- Pension boards need to have an equal number of employer representatives and member representatives. They may also have other types of members, such as independent experts.

## **Scheme administrators**

The scheme administrator keeps records, collects contributions from employers, calculates and pays benefits to members, deals with complex pension enquiries.

They provide Annual Benefit Statements to members in the autumn of each year.

## **Shared Services Partnership (IBC)**

The Pension Administration Team in the IBC deal with payroll related pension queries, e.g. pension deductions from salary, opting in or out of the scheme etc.

Annually they provide pay and pension contribution details for all members to the Scheme Administrator; this is an annual reconciliation of amounts paid.

When a member requires an estimate or leaves employment, they provide the necessary pay and service information to the scheme administrator.

## **Employer Groups**

The Employer Pension Manager provides a link between the Employer Groups for each of the partners, HR and all the Pensions administration teams. This enables a clear oversight of pension issues for all pension schemes.

The employer Groups provide a framework to consider an approach, development and provision of a joined up Pensions service for HFRA.

## APPENDIX F

### Website tree

#### I want to.....

Request an estimate

Join or opt in

Transfer in another pension

Request a Cash Equivalent Transfer Value (CETV)

Opt out

Leave or retire

#### Policies

Re-engagement after retirement

Temporary promotions

Contribution holidays

Firefighters pension discretionary policies

Firefighters compensation scheme

#### Further information on.....

Firefighters contribution rates

Auto enrolment

Pension website and Pension board information

Annual Benefit Statements

When to leave or retire

Getting help



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

Meeting: Hampshire Firefighters' Pension Board

Purpose: Noted

Date 17 JULY 2017

Title PENSIONS ADMINISTRATION UPDATE

Report of the Chief Financial Officer

### EXECUTIVE SUMMARY

1. The purpose of this paper is to update the local Hampshire Fire Pension Board on administrative performance for October 2016 to March 2017.

### BACKGROUND

2. Pensions Services administer the fire pension schemes on behalf of the Chief Fire Officer, under the Joint Working agreement between Hampshire County Council, Hampshire Fire & Rescue Authority (HFRA), the Police & Crime Commissioner for Hampshire and the Chief Constable of Hampshire Constabulary.
3. Responsibility for the fire schemes sits with HFRA as the scheme manager. Pensions Services therefore administer the schemes in accordance with the statutory regulations and any instructions from the HFRA on discretionary matters. HFRA are part of the shared services arrangements so all salary and service information required for pension calculations is provided to Pension by the IBC. Pensions also administer the LGPS for the Hampshire Pension Fund and the Hampshire police pension schemes.

### ADMINISTRATION PERFORMANCE

4. Pensions Services' administration performance against service standards for key casework is measured each month. This information is used internally to improve processes and will be reported to the Board in regular administration update reports.



5. The tables below show the performance for Q3 and Q4 2016/17.

Quarter 3

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	8	1	0	0	0	0	9	100.00
Deferred Retirement	0	0	0	0	0	0	0	100.00
Estimate	3	8	6	0	0	0	17	100.00
Deferred	7	1	2	0	0	0	10	100.00
Transfers	2	0	0	0	0	0	2	100.00
Divorce	5	0	0	0	0	0	5	100.00
<b>Grand Total</b>							<b>43</b>	

Quarter 4

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	7	1	0	0	0	0	8	100.00
Deferred Retirement	2	2	0	0	0	0	4	100.00
Estimate	6	8	5	1	0	0	20	100.00
Deferred	1	15	10	11	0	0	37	100.00
Transfers	2	0	0	0	0	0	2	100.00
Divorce	1	0	0	0	0	0	1	100.00
<b>Grand Total</b>							<b>72</b>	

6. The software supplier, Civica provided the deferment calculation for the 2015 scheme in January and the backlog of 93 deferred retirements were processed by March 2017.
7. Civica are working through a programme to deliver the necessary functionality to administer all the Fire pension schemes. The outstanding calculations are for the 2015 scheme but where possible the work is being done manually as these cases arise.

RECOMMENDATION

8. That the Board note the information contained in this report.

Contact:

Lois Downer, Deputy Head of Pensions, [lois.downer@hants.gov.uk](mailto:lois.downer@hants.gov.uk), 01962 847600



Purpose: Decision

Date **14 NOVEMBER 2017**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance 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.

### TRANSITIONAL AUTO ENROLMENT

3. Transitional deferment with regard to auto enrolment was applied to 91 operational HFRA staff. This period of transitional deferment ended on 30 September 2017.
4. Employees that are an eligible jobholder, and have no record of a previous opt out date were auto-enrolled in the scheme on 1 October 2017.
5. The LGA are seeking clarification over what happens if a transitional employee is not an eligible jobholder on 1 October 2017, but becomes one at a later date. This is because the Pension Regulator guidance states that membership would have to be backdated to 1 October 2017 regardless of the date they become eligible.
6. To give you an example, the transitional employee is not an eligible jobholder on 1 October 2017, but becomes one on 1 December 2018. Pension contributions taken in December 2018 would therefore be backdated to 1 October 2017, meaning that 14 months arrears (1 October 2017 to 30 November 2017) would be taken along with the current month.

### NEW RECRUIT / TRANSFEREE

7. Where a new recruit to HFRA transfers from another FRA, they are entitled to retain membership of their existing pension scheme where service is continuous.

8. As part of the recruitment process a membership option form is required to be completed to enable
  - The IBC Pensions Administration Team to identify which scheme the member should be a part of, deduct the correct level of contributions and calculate the correct taper date where applicable
  - To enable Pensions Services to apply to the previous FRA for details of service and pension benefits.
9. The IBC Recruitment team were making changes to their processes so that new recruits would be asked to fill in an achieve form version of the membership option form. The submitted form would then automatically be sent to a mailbox that the IBC Pensions Administration team manage.
10. Unfortunately, this process was only put in place for recruitment of Police Officers and Fire was outside the scope of this project. However, IBC recruitment has now agreed that they will incorporate the paper version of the form into their processes.

#### SUPREME COURT JUDGEMENTS

11. There have been two judgements regarding partner pensions recently.
12. Early in 2017 a judgement was handed down in respect of the requirement for nomination for a survivor's pension to be made in the case of Brewster v NILGOSC.
13. This case was where a nomination form had not been completed for a co-habiting partner.
14. Due to different legislation for each of the schemes, the issue only affects the 2006 scheme for which the majority of the membership transferred to the 2015 scheme under the reforms. Therefore the potentially affected cohort is very small.
15. The approach that is recommended is that as and when a case is known, then legal advice may need to be sought until such time as amended legislation is brought into force. The Board are asked to support this recommendation.
16. In July 2017 the Supreme Court handed down a judgement in respect of benefits payable to a Civil Partner in the case of Walker v Innospec.
17. This case was where benefits payable to surviving spouses / partners differ depending on whether their relationship with the originating member was a civil partnership, same sex marriage or opposite sex marriage.

18. Again, the potentially affected cohort is believed to be relatively small and any impact minimised as the Fire Pension Schemes already base benefits on service from 6 April 1988 in such cases, where as Innospec only based benefits on service from December 2005.
19. Following this judgement, LGA understands that Government lawyers are considering the possible impacts the ruling will have on survivor pension rights offered by public service pension schemes, including the Fire Pension Schemes.

#### GENERAL DATA PROTECTION REGULATION (GDPR)

20. From 25 May 2018 the EU General Data Protection Regulation (GDPR) introduces new legislation governing the collection, use and processing of personal data.
21. While many of the provisions remain the same as the existing Data Protection Act, some new elements and significant enhancements will impose new responsibilities on schemes by granting a number of additional rights to data subjects.
22. Pensions Services have started working on a plan to determine what this means for them. In addition, the Chief Finance Officer has also contacted the Head of Risk and Information Governance as this will impact the whole of the County Council, and its partners.
23. More information can be found in APPENDIX A. It should be noted that although this has been written for LGPS administering authorities the same regulations will apply to the Fire Pension Schemes and the administrator.

#### OPT OUTS

24. Details of the historical opt out information between 2013/14 and the current year can be found in APPENDIX B.

#### PENSION ACCOUNTABILITIES

25. Work has been undertaken to define the boundaries of the pension accountabilities across different departments. There are three main areas
  - Pensions Services
  - IBC Pensions Administration Team
  - HR
26. Pensions Services are responsible for issuing Annual Benefit Statements, providing estimates and calculating retirement benefits, along with dealing with complex enquiries.

27. IBC Pensions Administration Team is effectively the payroll provider for HFRA. They provide the pension information, relating to pay and service to Pensions Services for new starters, leavers and retirements. They deal with those wanting to opt in or opt out of the scheme.
28. HR provides advice on pension policy and deal with any ill health retirements. They will provide instruction to the IBC Pensions Administration Team.
29. In July 2017, HR held two sessions for all HR staff on pensions. The introduction by Rob Carr covered the difference in the teams and started to address the issue of who does what for HR staff.

### ANNUAL BENEFIT STATEMENTS

30. The statutory deadline for issuing Annual Benefit Statements (ABS) is 31 August each year.
31. The Board will remember that for 2016, this deadline was not met and this subsequently resulted in a breach of law which was reported to the Pension Regulator. The outcome of which was that no further action would be taken as long as there was no repeat.
32. ABS' for members of the Fire Pension Schemes are posted to their home address as there is currently no pension member self service available. Although this is actively being considered at the present time by Pensions Services.
33. As the current home address for each member is held by the employer's payroll provider rather than Pensions Services, some communications were put out a few weeks before the issue of the ABS' to encourage individuals to check and update their home address within Employee Self Service (ESS).
34. The Board will be pleased to hear that the 31 August 2017 deadline was met and that ABS' were issued to home addresses provided by the employer's payroll provider, the IBC Pensions Administration Team.
35. There have only been a small number of queries about ABS' and most of these have been regarding pay, rather than the content of the ABS. It is not known if this is a positive sign or not. For example: -
  - Members do understand their ABS
  - Members have not looked at their ABS or
  - Members do not understand their ABS but have not raised a query
36. The Pension Board may wish to consider whether any additional communication is required to improve ABS statement awareness and whether any amendments to statements would be pertinent for next year to provide extra clarity or explanation.

## ANNUAL ALLOWANCE / LIFETIME ALLOWANCE

37. The statutory deadline to provide Pension Savings Statements is 6 October each year.
38. Pension Savings are calculated by assessing the difference in the value of the pension at the start of the Pension Input Period (PIP) and at the end of the PIP. The PIP runs from 6 April to 5 April.
39. This difference is called the Pension Input Amount (PIA) and the value of these Pension Savings, must not exceed the Annual Allowance (AA) limit for the year.
40. A Pension Savings Statement is automatically sent to a member where they have exceeded the Annual Allowance in the year, but can be sent to any member upon request.
41. This letter will inform the member if they have unused allowances from the previous three years that are available to offset any excess. It will also inform them if there is an excess which is taxable.
42. The letter that was issued for 2016/17 can be found in APPENDIX C. This is a complex area and the Board are invited to consider whether this communication could be improved. Although after feedback that Pension Services have received, they are already looking to improve the content of this letter.
43. Given the complexity, the Chief Finance Officer is proposing to hold seminars for those that might be affected by the AA issue and the Board are invited to support this proposal.

## PENSION BOARD TRAINING

44. Pension Board members have been invited to attend a tax seminar run by the LGA. Dates and booking instructions have been sent out by email.
45. The last training needs analysis (TNA) were completed in December 2016. Some training was delivered after the Fire Pension Board meetings in both February and July 2017.
46. Pension Board members will therefore be asked to complete a new TNA so that the improvement in knowledge and understanding can be recorded. The results will be collated and included with the Pension Board report in February 2018.

## ALLOWANCES

47. A review of allowances is underway. This work is much wider than Pensions, but the aspects mentioned in this report are items that have pension elements. There are various pension strands to this work
  - Those receiving a 10% allowance which is not for training
  - USAR 20% allowance and it's potential change to a 10% allowance (which may or may not be pensionable)
  - A review of the policy handbook including definitions and criteria
  - A review of the governance around awarding an allowance
  - A review of governance when the allowance no longer applies
48. Two workshops are being held on 3 November in order to baseline the allowances issues and start to formulate a robust set of rules and conditions. Area Managers, HR, Finance and other parties have been invited to these workshops.
49. This review is still in the early stages but is due to be completed by April 2018. Further updates will be provided to the Board at the next meeting.
50. Since commencing this review of the allowances, a number of issues have come to light that perhaps give cause to question whether earlier decisions with regard to making Temporary Promotions (TP) pensionable were correct and in the best interest of the membership.
51. There was a legislation amendment that took effect from 1 July 2013 that allowed HFRA to make a decision that temporary allowances (including TP) would be pensionable. This decision was made believing that it was the right thing to do for the firefighter.
52. With effect from 1 July 2013, where an allowance is temporary and pensionable then the firefighter receives an Additional Pension Benefit (APB) in respect of the additional payments. This is an amount that is added to the Annual Pension.
53. However, the APB may not be as beneficial to the member as was initially thought as the amount of APB the member receives is very small when compared to the high level of pension contributions that are paid. In addition to this, the impact of this decision has been far more complex to administer than could have been anticipated.
  - The payroll system is not configured in the most effective way to handle the different variations of schemes and temporary allowances
  - Information has to be extracted from the payroll system for purposes of estimates, leavers, retirements and End of Year data to Pensions Services

- Information has to be captured by Pensions Services and records updated accordingly
  - There is huge complexity around ensuring that when a member receives a temporary allowance, that they are given the correct pension benefit in return
54. The illustrations in APPENDIX D and APPENDIX E show the monetary value that is returned to the firefighter by way of an APB. The Board are invited to discuss their thoughts on this matter.

### ILL HEALTH AND INJURY PENSION REVIEWS

55. At the Fire Employer group meetings the issue of ill health pension reviews and injury pension reviews has been discussed.
56. Reviews of ill health pensions are not mandatory, but reviews of injury pensions are required. It would appear that HFRA have never carried out any reviews of pensions.
57. HFRA have a policy in place stating that ill health pensions will be reviewed in the 4<sup>th</sup> and 8<sup>th</sup> year of receipt and that injury awards will be reviewed in the 3<sup>rd</sup> and 5<sup>th</sup> year of receipt.
58. As an injury award is unlikely to be given without an ill health pension, this means that for a member that has an injury award, the injury award would be assessed in year 3, the ill health pension would be assessed in year 4, the injury award would be assessed again in year 5 and the ill health pension would be reassessed in year 8.
- The review of the injury award would be to determine if the degree of disablement should be increased, decreased or remain the same
  - The review of the ill health pension would be to determine if the ill health pension should continue and that would depend on general health and ability to work
59. HR Shared Services is responsible for managing both these types of reviews and notifying Pensions Services of any amendments affecting the award of benefits.
60. Details of those currently in receipt of Ill Health and Injury Pensions have been provided by Pensions Services and analysis of the numbers involved can be found in APPENDIX F.
61. There are a small number of cases where the ill health pension and the injury pension award are due to be reviewed over the next four years.



62. When an injury pension is awarded, before Pensions Services commence payment, they will ask the member to confirm what, if any, DWP benefits they are receiving in respect of the injury. Any amount of DWP benefits will be deducted from the injury pension.
63. In addition to the review of these cases, there also needs to be a regular exercise to obtain details of DWP benefits that are in payment to assess the amount of the injury pension that can be paid to the member. There are currently 90 injury pensions that are in payment.
64. No further assessment of the amount in payment currently falls under the responsibility of Pensions Services and this is not reviewed unless the member contacts Pensions Services with revised details.

#### LGA FIRE PENSION CONFERENCE

65. Both the Employer Pension Manager and the Finance Transformation Manager attended the LGA Fire Pension Conference in London on 9 and 10 October 2017. The Employer Pension Manager also attended the Fire Pensions Technical Group meeting on 9 October as a representative from the South East Fire Pensions Officer Group.
66. The first day of the conference had 4 main themes
  - Governance
  - Risk
  - Internal controls
  - Member communications
67. There were presentations from The Pensions Regulator, the chair of the Local Pension Boards Effectiveness Committee, the LGA Pensions Secretary and a Senior Adjudicator from the Pensions Ombudsman's office.
68. The second day saw a presentation from The Home Office and the Government Actuary's Department covering the valuation data at 31 March 2016. The cost cap for the scheme is set at 16.8% of pensionable pay, with a 2% tolerance. This presentation highlighted the fact that the scheme is very close to this. The Board may wish to note that any decisions around pensionable allowances and Temporary Promotions will have an effect on the cost cap.
69. The results of the valuation are expected in spring 2018.
70. There were also presentations from Eversheds Sutherland with a case law update, The Pensions Regulator regarding data and GDPR. There was a presentation from LGA about the ending of Contracting Out and the Guaranteed Minimum Pension (GMP) reconciliation.

71. There were also updates on both days from Clair Alcock LGA and Malcolm Eastwood in his capacity as chair of the Scheme Advisory Board (SAB). One exciting new development is the launch of the SAB website: [www.fpsboard.org](http://www.fpsboard.org).
72. It was a very informative conference with really good speakers, presentations, delegate interaction and networking. Board members are encouraged to consider attendance at the 2018 conference.

#### EMPLOYER PENSION WEB PAGES

73. At the Pension Board meeting in July, the new employer pension pages were launched and following positive feedback they went live on 16 August 2017.
74. The launch was publicised in communications on Yammer and Routine Notice.
75. Despite communicating the launch, the message about the available resources for fire-fighters does not appear to have hit the wider community.
76. Details of the “hits” on the new employer web pages between 1 August and 18 October can be seen in APPENDIX H.
77. The Pension Board may wish to consider obtaining some feedback on the new employer web pages and on pensions in general and whether sending out a survey may be useful.

#### PRESENTATION FROM LOCAL PENSION PARTNERSHIP (LPP)

78. George Graham, LPP’s Managing Director of the Administration Business visited on 29 September 2017 to present to the Board the LPP pension administrator business model.
79. Those that attended found that the presentation was disappointing both in the delivery and content. However, whilst the presentation did not offer anything new in the way of Pensions Administration, it did provide a framework for the Pension Board members to start to think about how things could be improved.
80. Engagement and communication were two key themes that came out of the meeting and are areas that can be focused on going forward.

#### PENSION PRESENTATIONS

81. The Employer Pension Manager held the first Fire Pension Schemes pre retirement presentation in July 2017.

82. The presentation included all four schemes, covering how the schemes worked, how benefits are calculated with actual examples, Life Time and Annual Allowances, HMRC maximum benefits, as well as things like the retirement process, and what happens after retirement. This was extremely well received and there were plenty of questions that were asked.
83. All attendees were provided with an individual estimate of their retirement benefits which was distributed after the presentation concluded. The Employer Pension Manager spent additional time after the session speaking to each person about their personal circumstances.
84. The next pre-retirement pension presentation is scheduled on 15 November 2017.
85. The Employer Pension Manager will be attending Gosport Fire Station on 23 November 2017 to give a pension presentation and to hold a Q&A session. There is also another session at Redbridge Fire Station planned for 6 December 2017.

#### ENGAGEMENT AND COMMUNICATION

86. In the communication that launched the new employer fire pension web pages, reference was made about the available resources that firefighters have access to. The communication that went into routine notice is included in APPENDIX G.
87. The Pension Board should now consider what approach they want to take with regard to engaging individuals and how information about pensions could be more effectively communicated, utilising the resources that are available

#### RECOMMENDATION

88. That the approach to co-habiting partners, as set out in paragraphs 12-15 be approved by Hampshire Fire Pension Board

## APPENDICES ATTACHED

89. APPENDIX A – GDPR – Actions for administering Authorities
90. APPENDIX B – Opt Out historical data summary
91. APPENDIX C – Blank template letter for Annual Allowance
92. APPENDIX D – 1992 Scheme APB example
93. APPENDIX E – 2006 Scheme APB example
94. APPENDIX F – Ill Health and Injury Pension review data summary
95. APPENDIX G – Website communications
96. APPENDIX H – Employer Pension Web page data

Contact:

Claire Neale, Employer Pension Manager, [claire.neale@hants.gov.uk](mailto:claire.neale@hants.gov.uk),  
01962 845481

# General Data Protection Regulation Compliance Actions for Administering Authorities in the LGPS

## Why Is Data Protection So Important?

Pension schemes necessarily hold and process significant amounts of personal data relating to members. As a matter of good governance, it is important that member data is safeguarded. There is already a legal obligation on LGPS fund Administering Authorities to keep member data secure, but new legislation will come into force in May 2018 that will have a significant impact on the obligations of Administering Authorities and the potential financial penalties if they get it wrong.

## The GDPR and LGPS Administering Authorities

The General Data Protection Regulation (GDPR) will have direct effect throughout the EU from 25 May 2018. It applies to all EU member states and provides a single EU legal framework for the processing of individuals' data. The maximum potential fine for breaching the GDPR will be €20 million (or 4% of global turnover if higher). The government has confirmed that, despite Brexit, the GDPR will be enforceable in the UK from May next year.

Administering Authorities are responsible for the personal data held by their LGPS funds, meaning the GDPR changes are relevant to them. Every pensions team should be actively planning how to ensure compliance with the GDPR.

Administering Authorities must demonstrate compliance with the GDPR in relation to their LGPS fund. They should be able to show in a meaningful way that both the overall governance structure for data protection compliance and the individual policies and procedures relating to data processing are compliant.

### Who Needs to Know?

This document is relevant to anyone working in data protection/compliance or supporting an LGPS fund, and aims to highlight the main steps that Administering Authorities will need to consider in complying with the GDPR in relation to their LGPS funds. Where an authority has already implemented general GDPR compliance processes, or has them in the pipeline, the steps we have set out can be tailored to work in conjunction with or in addition to those processes.





# The GDPR – Actions for Administering Authorities

## 1. Maintain Records of Data Processing

It will become a mandatory requirement for Administering Authorities who employ more than 250 people, or who process sensitive personal data (about members' health or family circumstances), to maintain records of all personal data processing activities. The records may have to be presented to the Information Commissioner's Office (ICO) on demand.

### Action for Administering Authorities

- Audit the current position and identify any gaps in compliance.
- Take steps to ensure all personal data processing activities are recorded.

## 2. Review Data Security Measures and Assess Adequacy

The GDPR retains the current obligation to have appropriate technical and organisational data security measures in place, but also provides that certain specific measures (such as encryption) should be used "where appropriate".

It also requires that processes incorporate "privacy by design and default", i.e. compliance with the GDPR needs to be integrated into all data processing and should be the default setting on all privacy arrangements.

### Action for Administering Authorities

- Develop a compliance plan to ensure appropriate technical and organisational data security measures are in place both at the authority and with any third party service provider.
- Review existing applications and processes that involve the use of personal data and ensure they are secure.
- Implement a policy to ensure that data is only stored for the minimum period necessary.
- Consider whether data encryption should be used, especially for sensitive personal data such as health data.
- Default settings (for example, on member portals) must be configured to automatically provide data security.

## 3. Update Service Provider Contracts

The GDPR requires new content to be inserted into all service and data sharing agreements that govern the use of personal data. It also imposes direct liability on such service providers for data protection compliance.

### Action for Administering Authorities

- Work with current service providers and any other third party that receives data from the LGPS fund, e.g. actuaries/auditors, to amend the contractual provisions as necessary to comply with the GDPR.
- Do not agree to any revised contract without first obtaining proper advice that it does not impose additional obligations on the authority/the fund.
- Ensure that the contractual terms applying to all new appointments are compliant with the GDPR.
- Ensure that any third party administrator maintains adequate records.



## 4. Revise and Update Privacy Notices and Consider Whether Member Consent Is Required

The GDPR requires additional content to be included in all privacy notices regarding how personal data will be used by data controllers. A data controller is any organisation that makes decisions on how personal data is to be processed and for which purposes, so will include the Administering Authorities of an LGPS fund. Data controllers must tell any one whose personal data they collect what information is held, how it is used, who it may be shared with and what safeguards are in place.

The GDPR also makes it more difficult to obtain valid consent for the use of personal data – consents must be fully informed, specific, unambiguous and freely given by way of a statement or clear affirmative action by the member.

In addition, there is a specific obligation to retain proof of consent.

### Action for Administering Authorities

- Review and resend all member privacy notices in order to comply with the GDPR.
- Review consents the authority relies on to justify the processing of personal data.
- Consider new or revised consent to data processing by the fund.  
New joiner information may need to be updated.
- Clear records of all privacy notices and consents must be kept.

## 5. Establish a Breach Management Process

The GDPR requires data breaches involving any risk to individuals to be reported to the ICO "without undue delay", and within 72 hours of becoming aware of the breach in any case. The report must contain details of the breach, including the number of individuals affected, the likely consequences and the steps being taken to address/mitigate the breach.

Affected individuals must also be notified directly if the breach is a "high risk" to their rights and freedoms.

### Action for Administering Authorities

- Establish an effective data breach response plan that ensures any breach is addressed and assessed for the obligation to notify and that the relevant ICO report and any member notifications can be made in a timely fashion.

## 6. Appoint a Data Protection Officer (DPO)

As public bodies, Administering Authorities may be required to appoint a DPO. The European data protection authorities recommend that a DPO is appointed even if an organisation is not required to have one under the GDPR. The DPO is expected to be appropriately qualified and should report directly to the senior management at the authority. The DPO will be the contact person in the organisation for questions related to processing of personal data in respect of the LGPS fund, as well as the rest of the Administering Authority's functions.

### Action for Administering Authorities

- Appoint a suitably qualified DPO, if your organisation is required to have one. This could be the Authority's appointed general DPO, if there is one, provided that person meets the criteria.
- Where Administering Authorities share pension services, one DPO could be appointed to more than one authority in respect of their LGPS funds.





## 7. Ensure Processes Are in Place to Cater for the New Individual Rights

The GDPR introduces new rights for individuals, including the right of data portability, the right to restrict processing, the right to object to processing, the right to object to direct marketing and the right to be forgotten – i.e. the right to have one's personal data deleted.

### Action for Administering Authorities

- Identify which of the new rights may be exercised by members.
- Establish procedures to ensure that the new rights can be exercised.

## 8. Carry Out Data Protection Impact Assessments (DPIA)

DPIAs must be carried out in relation to all "high risk" processing. This is where there is a high risk to rights and freedoms, for example, extensive profiling of individuals using automated processing or large scale processing of sensitive personal data (e.g. medical information). The European data protection authorities recommend to carry out DPIAs as good practice and to demonstrate accountability for processing personal data.

Consultation with the ICO may be required prior to processing in relation to high risk processing in certain circumstances.

### Action for Administering Authorities

- Assess whether any use of personal data would be classified as "high risk" under the GDPR and, if so, carry out a DPIA.

## Checklist

1. Create and maintain records of data processing.
2. Review data security measures and assess compliance.
3. Update service provider contracts.
4. Revise and update privacy notices and consider whether member consent is required. If yes, assess whether it meets the GDPR requirements.
5. Establish or update a data breach management process.
6. Appoint a Data Protection Officer (DPO).
7. Ensure processes are in place to cater for the new individual rights.
8. Consider if a Data Protection Impact Assessment (DPIA) is required and, if so, carry one out.

## Contacts



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## APPENDIX B

### Opt out data

	2013/14	2014/15	2015/16	2016/17*	2017/18**
Total number of opt outs in year	22	25	10	75	29
<b>Age of opt outs</b>					
youngest age of opt out in year	24	22	22	21	22
oldest age of opt out in year	57	55	52	53	58
average age of opt out in year	39	41	35	38	38
<b>Ethnicity of opt out</b>					
ethnicity not known	1	2	2	13	5
mixed Caribbean	0	0	0	1	0
white other	3	2	1	1	0
white / British	18	21	7	60	24
<b>Whole time or Retained</b>					
Retained	21	25	9	16	9
Whole-time	1	0	1	59	20
<b>Opt out - automatic re-enrolment</b>					
Retained	21	23	7	12	6
Whole-time	0	0	0	31	7
<b>Total</b>	<b>21</b>	<b>23</b>	<b>7</b>	<b>43</b>	<b>13</b>
<b>Opt out - new joiner (refund)</b>					
Retained	0	2	2	1	3
Whole-time	1	0	1	25	13
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>26</b>	<b>16</b>
<b>Opt out - deferred pension</b>					
Retained	0	0	0	3	0
Whole-time	0	0	0	3	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>

\*2016/17 year – Automatic re-enrolment date 1 October 2016

\*\*2017/18 year – Only contains data from 1 April to 30 September 2017

## APPENDIX C

Personal & Confidential  
Mr J Bloggs  
The Castle  
Winchester  
Hampshire



**HAMPSHIRE  
FIRE AND  
RESCUE  
SERVICE**

Pensions Services  
The Castle, Winchester  
Hampshire, SO23 8UB

Telephone: 01962 845588  
Fax: 01962 834537

[www.hants.gov.uk/pensions](http://www.hants.gov.uk/pensions)

<i>Enquiries to</i>		<i>My Reference</i>	FIRE/Annual Allowance Notification
<i>Direct Line</i>	01962 845588	<i>Your Reference</i>	AB123456C
<i>Date</i>		<i>Email</i>	pensions@hants.gov.uk

Dear Mr Bloggs

### **Hampshire Firefighters' Pensions Pension Savings Statement 2016/17**

Please find enclosed your Pensions Savings Statement for 2016/17. This statement sets out the increase in your pension savings from the Fire Pension Scheme over 2016/17 for comparison against the HM Revenue & Customs (HMRC) Annual Allowance threshold.

We have sent you this statement for one of the following reasons:

- Our records show that the increase in your pension savings in the Fire Pension Scheme over 2016/17 exceeds the standard Annual Allowance (based on the information we hold on your pension record at the time of the calculation),
- You have requested a statement,
- A third party has requested a statement on your behalf (you will need to forward this to them),
- We have revised a previous statement due to a notification of a data change.

Please refer to our website which gives you more information on how the Annual Allowance works [www.hants.gov.uk/pensions/annualallowance](http://www.hants.gov.uk/pensions/annualallowance).

### **What should I do with this information?**

You will need this statement to work out whether you have to pay a tax charge. If you find that you do need to pay a tax charge, then there are different ways in which you can meet the charge as set out later in this document.

**It is your personal responsibility to pay the correct amount of tax and therefore please take your time to read and understand this information.** You may need to take independent financial advice in order to ensure you understand your tax position.

You can use the HMRC online calculator to work out if you need to pay a charge <https://www.tax.service.gov.uk/paac>

Members must report any annual allowance excess to HMRC as part of the self reporting process, even if a self assessment return is not ordinarily required by HMRC. The **scheme is not responsible** for informing HMRC on your behalf.

You may wish to refer to HMRC guidance; <http://www.hmrc.gov.uk/pensionschemes/calc-aa>.

### **Your pension savings**

There is a limit to the amount of pension you can build up in a year without paying any tax. This limit is called the Annual Allowance.

HMRC measures your pension savings in a specific way, and over a specific time period:

- The increase in your pensions savings is called the Pension Input Amount (PIA).
- The increase in pensions savings is measured over a period which is called the Pension Input Period (PIP for short).

You may be subject to an Annual Allowance tax charge if your PIA for an input period is more than the Annual Allowance in that period. The tax charge applies only to the amount above the allowance.

However, there is a mechanism to carry forward unused Annual Allowance from the last three PIPs to fully or partially offset a tax charge.

### **Pensions savings in the Fire Pension Scheme**

Your pensions savings for the 2016/17 year in this scheme were £40,952.32 and so have exceeded this year's annual allowance by £952.32 (a).

Assuming that you made no other pensions savings between 1 April 2013 and 31 March 2017, you have the following unused annual allowance from the last 3 tax years to help cover the excess shown above;

<b>Tax Year</b>	<b>Annual Allowance</b>	<b>Unused Allowance</b>
2013/14	£50,000	£22,683.52
2014/15	£40,000	£0.00
2015/16	£40,000	£15,688.85

After using the unused allowances above to cover this year's excess, your remaining unused annual allowance available to carry forward for 2017/18 is £15,688.85.

This information is based solely on your pension benefits in the Fire Pension Scheme,

### **Scheme Pays option**

If your total tax charge exceeds £2,000, then you may elect in writing for us to pay the tax charge and in turn we will apply a pension debit (an amount deducted from your pension

when you retire). You will still need to fill out a Self Assessment tax return to declare the excess.

A Scheme Pays Election form has been enclosed with this letter. We must receive any elections for Scheme Pays in respect of 2016/17 by 31 July 2018.

If you do not use the Scheme Pays option, you will need to notify HMRC of your excess and pay the tax charge to them directly.

## Pensions Savings Statement 2016/17

### 1. Your personal details

We have used the following details to produce the figures in this statement.

<b>Name:</b>	Joe Bloggs
<b>National Insurance number:</b>	AB123456C
<b>Payroll number:</b>	01000000
<b>Date of birth:</b>	1 January 1968

### 2. Your pension input amounts

The table below sets out:

- your pensions savings in the Fire Pension Scheme over the 2016/17 PIP, and the three previous PIPs,
- the standard Annual Allowance threshold applicable for each PIP
- the amount by which your pension savings have exceeded the annual allowance

<b>Pension Input Period (PIP)</b>	<b>Pension Input Amount (PIA)</b>	<b>Annual Allowance<sup>a)</sup></b>	<b>Excess over annual allowance</b>
<b>2016/17:</b> (6 April 2016 to 5 April 2017)	£40,952.32	£40,000	£952.32
<b>2015/16:</b> <b>Second part-year PIP</b> (9 July 2015 to 5 April 2016)	£24,311.15	£0 <sup>(b)</sup>	(£15,688.85)
<b>First part-year PIP</b> (1 April 2015 to 8 July 2015)	£8,881.20	£80,000	
<b>2014/15:</b> (1 April 2014 to 31 March 2015)	£43,051.66	£40,000	£0.00
<b>2013/14:</b> (1 April 2013 to 31 March 2014)	£27,316.48	£50,000	£22,683.52

Note: (a) A lower Annual Allowance may apply to the amount of Money Purchase pension savings you can make if you have accessed any pension savings using the new pension freedoms introduced in April 2015.

(b) Up to £40,000 of the unused £80,000 Allowance from the first part-year PIP (1 April 2015 to 8 July 2016) could be carried forward to the second part-year PIP (9 July 2015 to 5 April 2016).

## Underlying data used in the calculations

The figures above are based on the following salary and pension calculations:

Pension Input Period (PIP)	2016/17	2015/16	2014/15	2013/14	2012/13
<b>Pay figures:</b>					
Final Salary pay at end of PIP	£51,458.65	£50,027.51	£55,573.14	£52,518.59	£51,553.01
<b>Pension figures:</b>					
Final Salary 60ths pension at end of PIP	£31,341.27	£28,781.75	£30,103.68	£26,692.26	£24,471.09

**If you believe that any of the above data is incorrect, please contact Pensions Services as this may affect your Pension Input Amount calculation.**

**The values above only take account of this pension scheme.** You will also need to consider any other pension savings you have made during this period, and the last three years, to work out any tax charge. You may wish to seek independent financial advice before you make any decisions.

Members must report any annual allowance excess to HMRC as part of the self reporting process, even if a self assessment return is not ordinarily required by HMRC. The **scheme is not responsible** for informing HMRC on your behalf. Members who submit a paper return should use form SA101. Nil tax returns are not required.

Where members do not ordinarily complete a tax return they should now request one from HMRC to report the excess.

## APPENDIX D

### Example of Additional Pension Benefit (APB) calculation for a member of the 1992 scheme

<b>APB factors dependant on age and scheme</b>	<b>1992 scheme</b>
APB factor at age 30	10.8
APB factor at age 35	12.5
APB factor at age 40	14.5
APB factor at age 45	16.6
APB factor at age 50	19.1

#### **Pay and allowances**

Firefighter pay at 01/04/2017	£29,368.00
10% pensionable allowance	£2,936.80
<b>Total annual pensionable pay</b>	<b>£32,304.80</b>

#### **Contribution rates dependant on pay and scheme**

Employee contribution rate*	14.70%
Employer contribution rate	21.30%
Notional ill health contribution	1.60%
<b>Total contribution rate</b>	<b>37.60%</b>

\* Based on pensionable pay between £30,909 and £41,212

#### **Amount of contributions paid on allowance dependant on scheme**

Employee's contributions (£2,936.80 x 14.70%)	£431.71
Employer's contributions (£2,936.80 x 22.90%)	£672.53
<b>Total amount of pension paid on allowance</b>	<b>£1,104.24</b>

#### **Amount of APB to be added to pension dependant on age and scheme**

APB awarded if age 30 at relevant date (£1,104.24 / 10.8)	£102.24
APB awarded if age 35 at relevant date (£1,104.24 / 12.5)	£88.34
APB awarded if age 40 at relevant date (£1,104.24 / 14.5)	£76.15
APB awarded if age 45 at relevant date (£1,104.24 / 16.6)	£66.52
APB awarded if age 50 at relevant date (£1,104.24 / 19.1)	£57.81

## APPENDIX E

### Example of Additional Pension Benefit (APB) calculation for a member of the 2006 scheme

<b>APB factors dependant on age and scheme</b>	<b>2006 scheme</b>
APB factor at age 30	8.3
APB factor at age 35	9.7
APB factor at age 40	11.5
APB factor at age 45	13.3
APB factor at age 50	15.4

#### **Pay and allowances**

Firefighter pay at 01/04/2017	£29,638.00
10% pensionable allowance	£2,963.80
<b>Total annual pensionable pay</b>	<b>£32,601.80</b>

#### **Contribution rates dependant on pay and scheme**

Employee contribution rate*	10.90%
Employer contribution rate	14.20%
Notional ill health contribution	2.60%
<b>Total contribution rate</b>	<b>27.70%</b>

\* Based on pensionable pay between £30,909 and £41,212

#### **Amount of contributions paid on allowance dependant on scheme**

Employee's contributions (£2,963.80 x 10.90%)	£323.05
Employer's contributions (£2,963.80 x 16.80%)	£497.92
<b>Total amount of pension paid on allowance</b>	<b>£820.97</b>

#### **Amount of APB to be added to pension dependant on age and scheme**

APB awarded if age 30 at relevant date (£820.97 / 8.3)	£98.91
APB awarded if age 35 at relevant date (£820.97 / 9.7)	£84.64
APB awarded if age 40 at relevant date (£820.97 / 11.5)	£71.39
APB awarded if age 45 at relevant date (£820.97 / 13.3)	£61.73
APB awarded if age 50 at relevant date (£820.97 / 15.4)	£53.31



APPENDIX F

Fire Ill Health Pension and Injury Pension review numbers

<b>HFRA</b>		<b>Year review is due</b>				
<b>Ill Health Pensions</b>		<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Total ill health pensions over NPA	225	No reviews necessary				
Total ill health pension under NPA	24	Potential reviews necessary				
ill health pension more than 8 years retired	13	No reviews necessary				
Ill Health 8 year review due	7	0	1	0	2	4
ill health pension 4 year review due	4	0	0	2	2	0

<b>Injury Pensions</b>		<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Total injury pensions over NPA	81	No reviews necessary				
Total injury pensions under NPA	9	Potential reviews necessary				
Total injury pensions more than 5 years retired	6	No reviews necessary				
injury pension review at 5 years	2	1	1	0	0	0
injury pension review at 3 years	1	0	1	0	0	0

**DWP review**

Total number of injury pensions in payment that need review of DWP benefits - 90

## APPENDIX G

### **New look for firefighters' pension scheme web pages**

If you're a member of a firefighters pension scheme, check out the [new pension web pages](#). These are much more user-friendly and make pension information more accessible. They can be accessed from our [portal](#) by searching for pensions.

There are a range of pensions resources available to firefighters.

- In the new look pages, the 'getting help' section will signpost you according to your query <http://www3.hants.gov.uk/fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/pensionshelp.htm>
- New employer pension groups have been set up with representatives from across the shared partnership from HR, payroll, finance and Pensions Services

### **Who does what?**

- Standards and Governance Committee is the scheme manager and is responsible for setting local policy.
- There is a [Firefighter's Pension Board](#) which scrutinises the actions of the employer and pensions administrator.
- Shared Services HR maintains the policies and is responsible for pursuing things like Ill Health Retirement cases
- Shared Services Payroll and Pensions Administration Team provides information to employees and to Pension Services about pensionable pay. When you raise an IBC query about pensions in ESS, this is the team that deal with your enquiry.
- Pensions Services, who are independent of your employer, administer the pension schemes, providing estimates, Annual Benefit Statements and retirement benefits.

Lots more information can be found on the [new pension web pages](#).

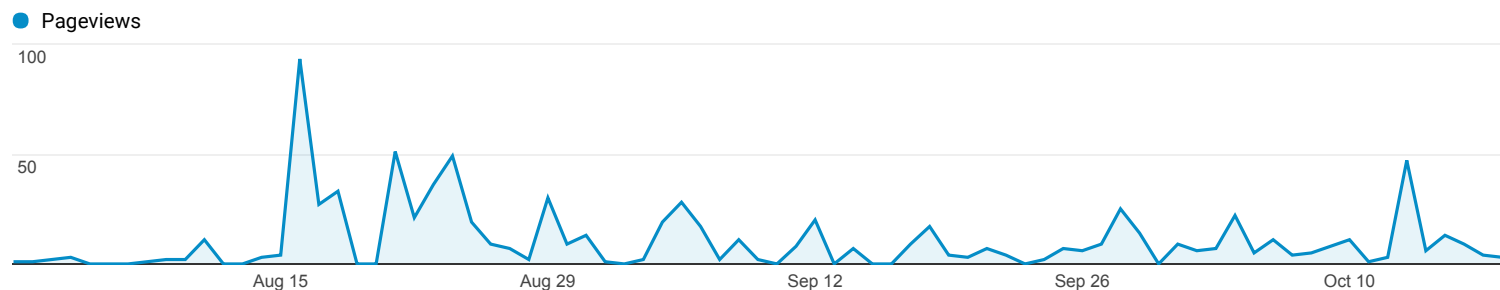
The pension pages for members of the Local Government Pension Scheme will also be updated later this year.

Pages

All Users  
100.00% Pageviews

Aug 1, 2017 - Oct 18, 2017

Explorer



This data was filtered using an advanced filter.

Page	Pageviews	Unique Pageviews	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
	827 % of Total: 0.01% (11,219,618)	596 % of Total: 0.01% (7,874,711)	00:01:13 Avg for View: 00:01:05 (13.18%)	89 % of Total: 0.00% (3,250,066)	38.20% Avg for View: 55.72% (-31.44%)	20.56% Avg for View: 28.97% (-29.04%)	£0.00 % of Total: 0.00% (£0.00)
1. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm	400 (48.37%)	251 (42.11%)	00:00:46	64 (71.91%)	34.38%	18.75%	£0.00 (0.00%)
2. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/requestestimate.htm	76 (9.19%)	58 (9.73%)	00:02:36	5 (5.62%)	40.00%	25.00%	£0.00 (0.00%)
3. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/pensionshelp.htm	67 (8.10%)	53 (8.89%)	00:02:14	11 (12.36%)	54.55%	40.30%	£0.00 (0.00%)
4. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/whe ntoleave.htm	42 (5.08%)	39 (6.54%)	00:01:48	2 (2.25%)	50.00%	26.19%	£0.00 (0.00%)
5. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/opt out.htm	37 (4.47%)	27 (4.53%)	00:01:49	4 (4.49%)	75.00%	24.32%	£0.00 (0.00%)
6. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/leav eoretire.htm	36 (4.35%)	30 (5.03%)	00:01:10	2 (2.25%)	0.00%	13.89%	£0.00 (0.00%)
7. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/opti n.htm	30 (3.63%)	16 (2.68%)	00:01:53	0 (0.00%)	0.00%	13.33%	£0.00 (0.00%)
8. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/ben efitstatements.htm	25 (3.02%)	23 (3.86%)	00:01:27	0 (0.00%)	0.00%	20.00%	£0.00 (0.00%)
9. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/con tributions.htm	24 (2.90%)	18 (3.02%)	00:01:27	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)
10. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/pen sionsinfo.htm	23 (2.78%)	16 (2.68%)	00:00:21	0 (0.00%)	0.00%	21.74%	£0.00 (0.00%)
11. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/tem porarypromotions.htm	14 (1.69%)	14 (2.35%)	00:01:00	0 (0.00%)	0.00%	28.57%	£0.00 (0.00%)
12. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/pen sionsreengagements.htm	13 (1.57%)	12 (2.01%)	00:00:46	1 (1.12%)	0.00%	7.69%	£0.00 (0.00%)
13. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/aut oenrolment.htm	9 (1.09%)	8 (1.34%)	00:02:12	0 (0.00%)	0.00%	11.11%	£0.00 (0.00%)
14. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/tran sferpension.htm	9 (1.09%)	9 (1.51%)	00:00:45	0 (0.00%)	0.00%	33.33%	£0.00 (0.00%)
15. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/req uestctcv.htm	8 (0.97%)	8 (1.34%)	00:00:21	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)
16. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/con tributionholidays.htm	7 (0.85%)	7 (1.17%)	00:00:34	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)
17. /fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps/fpsc ontact.htm	2 (0.24%)	2 (0.34%)	00:00:28	0 (0.00%)	0.00%	50.00%	£0.00 (0.00%)
18. /fire/pensionsfps	1	1	00:00:36	0	0.00%	0.00%	£0.00

		(0.12%)	(0.17%)		(0.00%)			(0.00%)
19. <a href="/fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm">/fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm</a>	1 (0.12%)	1 (0.17%)	00:00:10	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)	
20. <a href="/hampshirecountycouncil/portal-help/hr/pensionsfps">/hampshirecountycouncil/portal-help/hr/pensionsfps</a>	1 (0.12%)	1 (0.17%)	00:00:06	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)	
21. <a href="/pensionsfps">/pensionsfps</a>	1 (0.12%)	1 (0.17%)	00:00:09	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)	
22. <a href="/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm">/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm</a>	1 (0.12%)	1 (0.17%)	00:00:10	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)	

Rows 1 - 22 of 22



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

Purpose: Noted

Date **19 FEBRUARY 2018**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance 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.

### ADDITIONAL PENSION BENEFIT'S AND TEMPORARY PROMOTIONS

3. The Board asked for some further analysis on Additional Pension Benefits. This is underway and ongoing and a report will be provided at the next Pension Board meeting.

### ILL HEALTH AND INJURY PENSION REVIEWS

4. The HR Department have taken on the ill health and injury pension review work although this has not started as yet due to lack of resources. They plan to start this during the first quarter of 2018/19 and further updates will be provided to the Board as and when details are known.

### TRAINING - TRAINING NEEDS ANALYSIS / TAX SEMINARS

5. Pension Board members were asked to complete a new Training Needs Analysis form and the results of this can be found in APPENDIX A.
6. Although no major issues have been highlighted from the TNA, the Board are asked to consider and put forward any suggestions for training topics.
7. Board members were all invited to attend the tax seminars that were organised by SAB and LGA and put on at Barnett Waddington offices, it is hoped that for those that attended that it was found to be useful and informative.

## ANNUAL ALLOWANCE FACTSHEET

8. The Pension Board members will be aware of how complex the issue around Annual Allowance (AA) is and that more and more members are being affected by it.
9. In preparation for AA in 2018 a factsheet has been prepared, which could be published / issued to members around the time of Annual Benefit Statements. This can be found in APPENDIX B and the Board are invited to comment on this.

## PRESENTATIONS

10. The Employer Pension Manager has given presentations on the pre retirement course on 15 November; the next one is on 20 February.
11. She has also given pension presentations at various Fire Stations, Gosport on 23 November, Redbridge on 6 December and at Fareham on 5 February.
12. For the most part, these have been very well received and well attended, with lots of questions and engagement from those that attended. There is definitely an appetite to have more information about pensions available and to have someone explain the schemes to them; this is also evident on social media.

## SURVEYS

13. The TPR issued a survey around governance and administration and this was completed and returned.
14. SAB also issued a survey and although this covered some similar questions to the TPR one, it was necessary to complete as TPR do not share the data with SAB.

## ALLOWANCES AND ARA'S PROJECT

15. This is progressing according to the project timeline. A new pay and allowances handbook has been written by HR which clearly defines the criteria to receive payment of any of the pay and allowances paid.
16. A similar style handbook and revised policy has also been drawn up in relation to Additional Responsibility Allowance (ARA).
17. For both the Allowances and the ARA's a new governance process will be put into place with more stringent controls for commencing or ceasing payment of an allowance, along with ongoing audit controls and any pension implications.

18. Both of these new handbooks are going to the Unions and Rep bodies for a consultation period starting in February 2018.

#### ANNUAL BENEFIT STATEMENTS (ABS')

19. The Employer Pension Manager has been asked to provide feedback on the ABS templates. A number of comments have been raised, including adding some notes about Annual Allowance, and showing the value of any Additional Pension Benefits (APB) separately.
20. Pensions Services will be evaluating all feedback received and final versions of the ABS' will be sent to the Board members when they are available.

#### MEMBER SELF SERVICE

21. Pensions Services are looking at whether this can be extended to the Fire Pension Schemes.
22. It is hoped that the new software upgrade, due to be installed during February 2018, will provide an enhanced registration process. This should make it easier for users to sign up to the Member Self Service and in addition there should be less manual intervention required from Pension Services.
23. Further work is required to develop this new registration process and Pension Services hope to be able to confirm the likely timeframe for roll out in the next few months.

#### GMP RECONCILIATION

24. Members that contributed to an Occupational Pension Scheme such as the Fire Pension Scheme between 6 April 1978 and 5 April 2016 were Contracted-Out of the Additional Pension part of the State Pension Scheme (also known as State Second Pension or SERPS). Whilst being in a Contracted Out pension scheme the member and the employer will have paid a reduced rate of National Insurance.
25. An Occupational Pension Scheme has to provide a minimum pension called a Guaranteed Minimum Pension (GMP) to members that were Contracted Out. This is broadly equivalent to the amount the member would have received had they not been contracted out.
26. HMRC ceased Contracting Out from 6 April 2016 with the introduction of the new State Pension. Up to this date, HMRC tracked all movements of GMP liabilities between pension funds. With effect from 6 April 2016 HMRC no longer record this information.

27. HMRC have given all UK Pension Schemes until December 2018 to reconcile their membership with HMRC records.
28. In January 2015, Hampshire Pension Services received the “leaver data” from HMRC. This was anyone that had left Contracted Out service where HMRC had the GMP liability attributed to Hampshire Fire Pensions. Work on this data for Fire Pension Schemes was completed in May 2016.
29. Details of all “active members”, those that were contributing to a scheme on 6 April 2016, were sent to Pensions Services in April 2017. Hampshire Pension Services are now working with Civica and Intellica to find a way forward to enable records to be checked, queried and corrected where applicable.

#### TIMELINE OF STATUTORY WORK

30. At the last Fire Pension Board meeting, the Pension Board asked for a schedule of activities relating to Pensions. A timeline of statutory pension activities is included in APPENDIX C

#### OPT OUTS

31. The Board will recall that there was a spike in optant outs for 2016/17 for whole-time firefighters. Further analysis of this data has shown that almost all of the whole-time new joiner optant out employments were a temporary / fixed term contract.
32. At the end of December 2017, there were 1,119 firefighters employed in 1,395 roles, of which 709 were whole-time contracts and 686 were RDS contracts.
  - 129 RDS contracts that are not in any Fire Pension Scheme, this is 19% of the RDS employments
  - 80 whole-time contracts that are not in any Fire Pension Scheme, this is 11% of the whole-time employments
  - 96 firefighters are not in any Fire Pension Scheme at all, this is 9% of people
33. It was agreed that we would contact those that were not in the Fire Pension Scheme to try and establish why they may have chosen to not be a member. A draft letter together with proposed questions can be found in APPENDIX D and the Board are invited to comment on any amendments.



## LETTERHEAD TEMPLATES

34. For many years, Hampshire Pension Services have been using the Hampshire Fire and Rescue Authority logo on their letterhead for written communication to operational Fire staff in one of the Fire Pension Schemes.
35. The same logo is used by the IBC and HR and as the employer it makes sense for the IBC and HR departments to use this logo.
36. Confusion can arise as many staff do not appreciate that there is a difference between the employer and Pension Services, this issue is compounded by the fact that they appear to use the same headed paper and are based at the same address. Although we have attempted to provide clarity on these differences it is going to take some time for this message to filter through.
37. Hampshire Pension Services would be willing to change the heading on their letterhead. APPENDIX E has examples of the current letterhead, the letterhead used for Local Government Pension Scheme members and a couple of suggested alternatives. The Board are invited to discuss their opinions on this matter and to make suggestions about what alternative letterhead Pension Services should use.

## RECOMMENDATION

38. That the request for training, as set out in paragraphs 5 – 6 and APPENDIX A, be noted by the Hampshire Fire Pension Board
39. That the Annual Allowance factsheet, as set out in paragraphs 8 – 9 and APPENDIX B, be endorsed by the Hampshire Fire Pension Board
40. That the timeline for Statutory pension deadlines, as set out in paragraph 30 and APPENDIX C, be noted by the Hampshire Fire Pension Board
41. That the opt out survey letter, as set out in paragraphs 31 – 33 and APPENDIX D, be endorsed by the Hampshire Fire Pension Board
42. That the letterhead to be used by Pension Services, as set out in paragraphs 34 – 37 and APPENDIX E, be endorsed by the Hampshire Fire Pension Board

## APPENDICES ATTACHED

43. APPENDIX A – Training Needs Analysis summary
44. APPENDIX B – Annual Allowance factsheet
45. APPENDIX C – Statutory deadlines for Pension activities
46. APPENDIX D - Draft letter & questions to members not in scheme
47. APPENDIX E – Pension Services letterhead templates

Contact:

Claire Neale, Employer Pension Manager, [claire.neale@hants.gov.uk](mailto:claire.neale@hants.gov.uk),  
01962 845481

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
<b>A</b>	<b>Background and Understanding of the Legislative Framework of the Fire pension scheme</b>			
A1	Differences between public service pension schemes like the Fire Pension Scheme (FPS) and private sector trust- based schemes	5	0	0
A2	Role of the Independent Public Service Pensions Commission (IPSPC) and its recommendations	2	1	2
A3	Key provisions of the 2013 Pension Act	1	3	1
A4	The structure of the scheme and the main bodies involved including the Responsible Authority, the Scheme Manager, the Scheme Advisory Board, the Local Pension Board and the Scheme employers	3	2	0
A5	An overview of local authority law and how Administering Authorities are constituted and operate	1	3	1
A6	Scheme and connected scheme rules overview (including the Regulations)	2	1	2
A7	The Firefighter Pension Scheme 1992	5	0	0
A8	The Firefighter Pension Scheme 2006 and main changes from the 1992 scheme	5	0	0
A9	The Firefighters Pension Fund	3	1	1
A10	The Firefighters Compensation Scheme	1	2	2
A11	Firefighters (Modified) Pension Scheme	3	2	0
A12	The Firefighters Pension Scheme 2015	4	1	0
		<b>35</b>	<b>16</b>	<b>9</b>
<b>B</b>	<b>General pensions legislation applicable to the FPS - An overview of wider legislation relevant to the FPS including:</b>			
B1	Automatic Enrolment (Pensions Act 2008)	4	1	0
B2	Contracting out (Pension Schemes Act 1993)	3	2	0
B3	Data protection (Data Protection Act 1998)	2	3	0
B4	Employment legislation including anti- discrimination, equal treatment, family related leave and redundancy rights	3	2	0
B5	Freedom of Information (Freedom of Information Act 2000)	3	2	0
B6	Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)	2	2	1
B7	Tax (Finance Act 2004)	3	2	0
		<b>20</b>	<b>14</b>	<b>1</b>

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
<b>C</b>	<b>Role and responsibilities of the Local Pension Board</b>			
C1	Role of the Local Pension Board	4	1	0
C2	Conduct and conflicts	4	0	1
C3	Reporting of breaches	3	2	0
C4	Knowledge and understanding	2	3	0
		<b>13</b>	<b>6</b>	<b>1</b>
<b>D</b>	<b>Role and responsibilities of the Scheme Manager</b>			
D1	Membership and eligibility	3	2	0
D2	Benefits and the payment of benefits	3	2	0
D3	Decisions and discretions	1	4	0
D4	Disclosure of information	1	4	0
D5	Record keeping	2	3	0
D6	Internal controls	1	4	0
D7	Internal dispute resolution	1	4	0
D8	Reporting of breaches	3	2	0
D9	Statements, reports and accounts	2	2	1
		<b>17</b>	<b>27</b>	<b>1</b>
<b>E</b>	<b>Funding and Investment</b>			
E1	Requirement for triennial and other valuations	1	1	3
<b>F</b>	<b>Role and responsibilities of Scheme Employers</b>			
F1	Automatic Enrolment & Opting Out	4	1	0
F2	Deduction and payment of contributions	3	2	0
F3	Special contributions	1	3	1
F4	Employer decisions and discretions	1	3	1
F5	TUPE and outsourcing (including Fair Deal and the Best Value Authorities Staff Transfers (Pensions) Directions 2007)	1	2	2
		<b>10</b>	<b>11</b>	<b>4</b>
<b>G</b>	<b>Tax and Contracting Out</b>			
G1	Finance Act 2004	1	2	2
G2	Role of HMRC	3	1	1
G3	Registration	2	1	2
G4	Role of 'scheme administrator'	2	2	1
G5	Tax relief on contributions	3	1	1
G6	Taxation of benefits	2	2	1
G7	Annual and lifetime allowances	4	1	0
G8	Member protections (primary, enhanced, IP etc)	1	1	3
G9	National Insurance	2	2	1
G10	Contracting out (Pensions Scheme Act 1993)	2	2	1
G11	Impact of abolition of contracting out in 2016	2	0	3
		<b>24</b>	<b>15</b>	<b>16</b>

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
<b>H</b>	<b>Role of advisors and key persons</b>			
H1	Officers of the Fire and Rescue Authority	2	3	0
H2	Auditor	1	3	1
H3	Lawyers	1	3	1
H4	Administrators – in house v. third party	2	2	1
H5	Procurement of services	2	1	2
H6	Contracts with third parties	1	2	2
		<b>9</b>	<b>14</b>	<b>7</b>
<b>J</b>	<b>Key Bodies connected to the Scheme - an understanding of the roles and powers of:</b>			
J1	Courts	1	3	1
J2	HMRC	1	4	0
J3	Information Commissioner	1	3	1
J4	Pensions Advisory Service	1	4	0
J5	Pensions Ombudsman	1	4	0
J6	The Pensions Regulator (including powers in relation to Local Pension Boards)	2	3	0
		<b>7</b>	<b>21</b>	<b>2</b>

## Annual Allowance Factsheet

### What is Annual Allowance?

The Annual Allowance (AA) is the amount by which the value of your Pension benefits may grow (Pension Savings) in any one tax year without you having to pay a tax charge.

If the total value of your Pension Savings in any one tax year, including all Pension Savings in all pension schemes, is in excess of the AA limit, the excess will be taxed as income at your highest marginal rate of tax.

The standard AA in recent years has been as follows:

Pension Input Period (PIP)	Standard AA
1 April 2011 to 31 March 2012	£50,000
1 April 2012 to 31 March 2013	£50,000
1 April 2013 to 31 March 2014	£50,000
1 April 2014 to 31 March 2015	£40,000
1 April 2015 to 5 April 2016	PIP is split into two part year PIPs <ul style="list-style-type: none"> <li>1 April 2015 to 8 July 2015 - £80,000</li> <li>9 July 2015 to 5 April 2016 – Nil (but up to £40,000 of unused allowance from the first part year PIP can be carried forward to this part year PIP)</li> </ul>
6 April 2016 to 5 April 2017	£40,000 (unless tapering applies)
6 April 2017 to 5 April 2018	£40,000 (unless tapering applies)

### What is the Pension Input Period?

The Pension Input Period (PIP) is the period over which your pension growth is measured and from 2016/17 it aligns with the tax year and runs from 6 April to 5 April.

Up until 2014/15 the PIP in this scheme ran from 1 April to 31 March and special transitional arrangements were introduced for 2015/16 meaning that there were two part-year PIPs in that year, as set out below:

**First part-year PIP:** 1 April 2015 to 8 July 2015 – the standard AA limit during this period was £80,000

**Second part-year PIP:** 9 July 2015 to 5 April 2016 - the standard AA limit for this period was nil, however up to £40,000 of unused allowance from the first part-year PIP can be carried forward into this second part-year PIP.

## What is tapered Annual Allowance?

From the tax year 2016/17 the AA is tapered for members who have a **Threshold Income** in excess of £110,000 **and** an **Adjusted Income** in excess of £150,000.

- **Threshold Income: limit £110,000**  
Broadly this is your taxable income after deducting your pension contributions

You should be aware that Threshold Income includes **all** sources of income that are taxable. For example, property, savings, dividends, pensions, social security benefits (where taxable), state pension and so on.

- **Adjusted Income: limit £150,000**  
Broadly this is your Threshold Income plus your Pensions Savings built up over the tax year

The taper reduces the AA by £1 for £2 of Adjusted Income received over £150,000, until a minimum AA of £10,000 is reached. This means that from 6 April 2016 the AA for a high income earner is as follows:

<b>Adjusted Income</b>	<b>Annual Allowance (AA)</b>
£150,000 or below	£40,000
£160,000	£35,000
£170,000	£30,000
£180,000	£25,000
£190,000	£20,000
£200,000	£15,000
£210,000 or above	£10,000

## Are you likely to be affected?

Most people will not be affected by the AA tax charge because the value of their pension savings will not exceed the AA during a year, or if they do, they are likely to have unused allowance from previous years that they can carry forward.

*You are most likely to be affected if:*

- You have a lot of membership or pension build up in the Scheme and you receive a significant pay increase, or promotion, and/or;
- You are a high income earner, and/or;
- You pay a high level of additional contributions towards your pension, and/or,
- You have accessed flexible benefits from another pension scheme on or after 6 April 2015

## Getting further advice

If you are unsure about whether you will be affected by the AA, you should seek independent financial advice from an advisor registered with the Financial Conduct Authority (FCA) who has knowledge of the specific scheme that you are a member of.

## Will I get a Pension Savings Statement?

Hampshire Pension Services will automatically inform you if your Pension Savings in this scheme exceed the standard AA limit in any tax year by no later than 6 October of the following tax year.

Hampshire Pension Services can only calculate your AA position based on your employment in this scheme. If you have other significant sources of taxable income then you could be affected by Tapered AA (refer to the section "What is tapered Annual Allowance?"). If you think you may be close to or will exceed your AA in any one year you can ask Hampshire Pension Services for a statement.

The AA applies to your total pension savings for all tax registered pension arrangements that you still pay into. This means that you will need to obtain the growth in your pension savings from **each arrangement** you are saving with. You will need to ask Hampshire Pensions Services for a Pension Saving statement if you believe that you may exceed the standard AA limit in any one tax year because you also have Pension Savings in another Pension Scheme.

## Working out how much your benefits in this scheme have grown

To work out by how much your Pension benefits in this scheme have grown (that is, your Pension Savings or 'Pension Input Amount'), the value of your benefits at the start and the end of the Pension Input Period (PIP) are compared. This takes account of inflation to keep things fair.

If the pension input amount is more than the AA, there could be a tax charge due.

### Example – working out how much your benefits in this scheme have grown

Closing value:

Value of annual pension at end of the PIP x 16 + value of any automatic lump sum<sup>1</sup> provided by the scheme at the end of the PIP (NB: this is **not** your maximum commutation lump sum) + any Additional Voluntary Contributions (AVCs)<sup>2</sup> paid in the year.

$$£25,000 \times 16 = £400,000 + £0 + £0 = £400,000$$

less

Opening value:

Value of annual pension at start of PIP x 16 + value of any automatic lump sum provided by the scheme at the start of the PIP (NB: this is not your maximum commutation lump sum) x CPI from September prior to PIP start.

$$£20,000 \times 16 = £320,000 + £0 = £320,000 \times 1\% = £323,200$$

The difference between the two values is your Pension Input Amount for the year.

$$£400,000 - £323,200 = £76,800$$

<sup>1</sup> Automatic lump sum applies to: LGPS members with pre 2008 service or to members of the 2006 Police Pension Scheme

<sup>2</sup> Additional Voluntary Contributions applies to: LGPS members who pay contributions to Equitable Life, Zurich or the Prudential.



## What is carry forward?

You will only have a tax charge to pay if your pension savings exceed the AA by more than the amount of unused allowances you can carry forward from the previous three years. You can carry forward unused allowances as long as you have been a member of a registered pension scheme for the relevant previous years.

There are strict rules on how unused allowances from previous years can be applied and how they should be worked out. It is recommended you use [HMRC's online carry forward calculator](#) which will work out your carry forward for you and therefore help you assess whether you have a tax charge to pay.

### Example – working out carry forward and using it to offset an excess

Carry forward for the current year:  
AA limit less Pension Input Amount

$$£40,000 - £76,800 = -£26,800$$

Carry forward for current year = £0

Assessing the carry forward available from the previous three years to offset the excess of £26,800:

Carry forward from Year 1 = £8,000

Carry forward from Year 2 = £5,000

Carry forward from Year 3 = £7,000

Carry forward total = £20,000

$$£26,800 - £20,000 = £6,800 \text{ excess}$$

### Working out the tax charge

You will have a tax charge to pay if your pension savings exceed the AA by more than the amount of unused allowances you can carry forward from the previous three years.

If this applies to you, you must calculate your AA tax charge based on your highest marginal rate. Pension Services cannot do this for you. [Step by step instructions on how to calculate the charge are available from HMRC](#)

### Example – working out a tax charge

Taking into account all taxable income (not just from this employment) and using HMRC guidance in the step by step instructions (see link above), in this example the highest marginal rate of tax is 40%.

Tax charge:

Excess after using AA and any carry forward x marginal highest rate of tax

$$£6,800 \times 40\% = £2,720$$

## Reporting the tax charge

If you exceed the AA limit in any year and have a tax charge to pay **you** are responsible for reporting this to HMRC on your Self Assessment tax return. You will need to complete the Additional Information pages of the tax return to show the amount by which your total pension input amount exceeds the annual allowance. The boxes that need to be completed for the annual allowance are in the 'Pensions savings tax charges' section (on the additional information pages (SA101) in the paper return).

If you are using a paper return you will need to ask for the additional information pages (SA101) to report the information.

Further information to help complete this part of the tax return can be found at [GOV.UK - Pension savings - tax charges on any excess over the lifetime allowance and the annual allowance](#).

### **It is also your responsibility to report your tax charge to HMRC.**

The deadline for submitting online tax returns is 31 January after the year in which the tax charge has arisen (or 31 October for paper returns). Online tax returns are completed using a Government Gateway account, it can take a couple of weeks to register and get this set up if you do not already have one.

If you've never completed a tax return (or it's been some time since you did), you will need to complete a registration form at least 20 days before the deadline to let HMRC know what's changed and to get a tax return.

### **HMRC Pensions Tax Manual – further information on reporting a tax charge to HMRC**

If you exceed the AA limit but **do not** have a tax charge to pay (because you have enough carry forward to wipe out the amount by which you exceeded), there is no further action required and you do not need to report anything to HMRC.

You should keep any pension savings statements that you receive in a safe place as you may need to refer to them in future years.

## Paying the tax charge

If you have an AA tax charge that is less than £2,000 you must pay the charge direct to HMRC via your Self Assessment tax return by 31 January following the year in which your tax charge arose.

If your tax charge is more than £2,000, and providing certain conditions are met, you may be able to elect for Hampshire Pension Services to pay some or all of your tax charge on your behalf and in return your Pension benefits in this Scheme will be reduced accordingly. This is called the Scheme Pays facility.

### Statutory deadlines for Pension activities

	IBC Pensions Admin	Pensions Services	Finance
<b>January</b>			31st deadline to complete HMRC Event Reporting for previous Financial year
<b>February</b>			14th deadline for completion of Accounting for Tax return for Q3 to HMRC
<b>March</b>			
<b>April</b>	30th deadline for submission of EOY return to Pension Services		
<b>May</b>		31st deadline to issue P60s to pensioners / dependants	15th deadline for completion of Accounting for Tax return for Q4 to HMRC
<b>June</b>			
<b>July</b>			
<b>August</b>		10th deadline for submission of valuation data to GAD  31st deadline to issue Annual Benefit Statements for 31 March last	14th deadline for completion of Accounting for Tax return for Q1 to HMRC
<b>September</b>			
<b>October</b>		6th deadline to issue Pension Saving Statements for 6 April last	
<b>November</b>			14th deadline for completion of Accounting for Tax return for Q2 to HMRC
<b>December</b>			

## OPT OUT LETTER / SURVEY

Dear colleague,

I am writing to you today regarding the Fire Pension Scheme.

I note from our records that you are not currently a member of the scheme in any of your contracts of employment with Hampshire Fire and Rescue Authority in your capacity as a Firefighter.

To help us understand why you may have chosen to not be a member of the scheme, and provide information about attitudes to pension savings, I would be grateful if you could answer a few questions in a short survey; this can be done anonymously and should take no more than 5 minutes. Please go to [www.slido.co.uk](http://www.slido.co.uk) and enter a code of (nnnn) to answer the questions.

There is more information about pensions available via the Fire portal and searching for pensions ( <http://www3.hants.gov.uk/fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm>). If you want to join the fire pension scheme refer to the “join or opt in” page for more information on how to do this.

The main benefits of the 2015 Fire Pension Scheme are as follows: -

- Your employer contributes 14.3% of what you pay towards the pension fund
- The scheme is a Career Average Revalued Earnings (CARE) scheme with a pension build up (accrual) rate of 1/59.7 of your annual pensionable earnings. This is calculated each year and then added to your pension pot
- Your total pension pot from the 2015 scheme is revalued on 1 April each year until retirement in line with a Treasury index, based on changes in average weekly earnings
- There is no maximum length or service limit on benefits
- The normal pension age (NPA) is 60
- Option to take pension from 55, subject to reductions applied to your pension
- A death grant lump sum is payable of 3 times your final pay if you die in service and are an active member of the scheme
- Survivor's benefits are payable in the event of your death, whilst a member of the scheme
- At retirement, you can exchange pension for a one off lump sum; for every £1 of pension you give up, you will receive £12 of lump sum. You can exchange a maximum of 25% of your total pension pot
- Immediate pension benefits payable if you are retired on the grounds of ill-health (subject to the criteria of the 2015 scheme regulations and grounds of ill-health retirement)
- Flexibility to pay more – through buying additional pension (up to a maximum of £6,500)

## SURVEY QUESTIONS

1	Gender	<ul style="list-style-type: none"> <li>• Male</li> <li>• Female</li> <li>• Prefer not to answer</li> </ul>
2	Age	<ul style="list-style-type: none"> <li>• 18-30</li> <li>• 31-40</li> <li>• 41-50</li> <li>• 51-60</li> <li>• Prefer not to answer</li> </ul>
3	Number of contracts held with HFRA as a firefighter	<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>
4	Do you have a whole-time contract?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
5	If Yes to Q4 In respect of your whole time contract why have you chosen not to join the scheme?	<ul style="list-style-type: none"> <li>• Not my main employment</li> <li>• Contribute to a pension elsewhere</li> <li>• Contributions are too expensive</li> <li>• Cannot afford it due to other financial commitments</li> <li>• Other personal reasons</li> <li>• Don't understand the benefits of the pension</li> <li>• Prefer not to answer</li> </ul>
6	Do you have an RDS contract?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
7	If Yes to Q6 In respect of your whole time contract why have you chosen not to join the scheme?	<ul style="list-style-type: none"> <li>• Not my main employment</li> <li>• Contribute to a pension elsewhere</li> <li>• Contributions are too expensive</li> <li>• Cannot afford it due to other financial commitments</li> <li>• Other personal reasons</li> <li>• Don't understand the benefits of the pension</li> <li>• Prefer not to answer</li> </ul>
8	Do you have any other comments?	
9	If you want someone to contact you about pensions, please provide details Contact email address	

PENSION SERVICES  
CURRENT FIRE LETTERHEAD

Personal & Confidential



**HAMPSHIRE  
FIRE AND  
RESCUE  
SERVICE**

Pensions Services  
The Castle, Winchester  
Hampshire, SO23 8UB

Telephone: 01962 845588  
Fax: 01962 834537

[www.hants.gov.uk/pensions](http://www.hants.gov.uk/pensions)

*Enquiries to*

*Direct Line*

*Date*

*My Reference*

*Your Reference*

*Email*



*Treasurer to the Hampshire Fire and Rescue  
Authority*  
**Carolyn Williamson CPFA**

PENSION SERVICES  
CURRENT LGPS LETTERHEAD

Personal & Confidential

**Hampshire Pension Fund**  
administered by



**Hampshire**  
County Council

*Pensions Services*

*The Castle, Winchester, Hampshire SO23 8UB*

Telephone 01962 845588

Fax 01962 834537

[www.hants.gov.uk/pensions](http://www.hants.gov.uk/pensions)

*Enquiries to*

*Direct Line*

*Date*

[

*My Reference*

*Your Reference*

*Email*



*Director of Corporate Resources*  
**Carolyn Williamson CPFA**

PENSIONS SERVICES  
FIRE LETTERHEAD OPTION 1

Personal & Confidential

**Hampshire Fire Pensions**  
administered by



**Hampshire**  
County Council

Pensions Services  
The Castle, Winchester,  
Hampshire SO23 8UB

Telephone 01962 845588  
Fax 01962 834537  
[www.hants.gov.uk/pensions](http://www.hants.gov.uk/pensions)

*Enquiries to*

*Direct Line*

*Date*

*My Reference*

*Your Reference*

*Email*



*Treasurer to the Hampshire Fire and Rescue*  
*Authority*  
**Carolyn Williamson CPFA**



PENSION SERVICES  
FIRE LETTERHEAD OPTION 2



**HAMPSHIRE  
FIRE AND  
RESCUE  
SERVICE**

Personal & Confidential

**Hampshire Fire Pensions  
administered by**



**Hampshire  
County Council**

Pensions Services  
The Castle, Winchester,  
Hampshire SO23 8UB

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**Carolyn Williamson CPFA**