

Fire & Rescue Service Headquarters Summergroves Way Kingston upon Hull HU4 7BB Telephone 01482 565333

To: Members of the Pension Board

26 June 2020

Dear Member

I hereby give you notice that in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, a *REMOTE MEETING* of **PENSION BOARD** will be held on **MONDAY**, 6 JULY 2020 at 10.30AM.

To access this remote meeting please visit https://zoom.us/join and then enter:

Meeting ID: 956 2516 6863

Password: 007499

Or telephone 0203 481 5240 and use the above Meeting ID and Password

The business to be transacted is set out below.

Yours sincerely

Mathew Buckley

Monitoring Officer & Secretary to Fire Authority

Enc.

A G E N DA PENSION BOARD

Monday 06 July 2020, 10.30AM

	Business	Page Number	Lead	Primary Action Requested
1.	Apologies for absence	-	Monitoring Officer/ Secretary	To record
2.	Declarations of Interest (Members and Officers)	-	Monitoring Officer/ Secretary	To declare and withdraw if pecuniary
3.	Minutes of the meeting of 27 January 2020	(pages 1 - 3)	Chairperson	To approve

	Business	Page Number	Lead	Primary Action Requested
4.	Matters arising from the Minutes, other than on the Agenda	-	Chairperson	To raise
5.	Update Report: Reporting Breaches	Verbal	Procurement Manager	To receive
6.	Workstreams Update	(pages 4 - 129)	Executive Director of Corporate Services	To receive
7.	Covid 19 Update	Verbal	Finance Officer	To receive
8.	Annual Benefit Statement Update	(pages 130 - 164)	Finance Officer	To receive
9.	Remedy and Legal Claims Update	Verbal	Procurement Manager	To receive
10.	Scheme Advisory Board Update	(pages 165 - 224)	Finance Officer	To receive
11.	Any Other Business	-	All Members	To raise

Under the Openness of Local Government Bodies Regulations 2014 members of the public may film, record, take photographs or use social networking during Authority and committee meetings that are open to the public. The Monitoring Officer/Secretary kindly requests advance warning from anyone wishing to film, record or take photographs during open meetings so that suitable provision can be made.

HUMBERSIDE FIRE AUTHORITY

PENSION BOARD

27 JANUARY 2020

PRESENT:

Employer representatives: Councillor Shepherd (Chairperson) and P McCourt (Director of Public Safety)

Scheme Member representatives: Mr B Johnson

Councillors Briggs and Green attended as observers.

Kevin Wilson - Executive Director of Corporate Services/Section 151 Officer and Scheme Manager; Miriam Heppell - Director of People and Development, David Lofthouse - Procurement Manager, Sarah Keyes - Finance Officer, Mathew Buckley - Monitoring Officer/Secretary and Committee Manager.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.30a.m.

1/20 APOLOGIES FOR ABSENCE - Apologies for absence were received from Mr G Marshall.

2/20 DECLARATIONS OF INTEREST -There were no declarations of interest.

3/20 MINUTES - Resolved - That the minutes of the meeting of the Board held on 12 July 2019 be confirmed as a correct record subject to the following amendment:

In Minute 10/19, the phrase 'the HFRS Modified Pension Scheme' should, instead, read 'the Modified Pension Scheme'.

4/20 MATTERS ARISING FROM THE MINUTES - There were no matters arising from the minutes.

5/20 REPORTING BREACHES - The Procurement Manager informed the Board that there had been no breaches since the meeting held on 12 July 2019.

Resolved - That the update be received.

6/20 PENSION BOARD WORKSTREAMS UPDATE - The Executive Director of Corporate Services/Section 151 Officer submitted a report setting out an update on the Board's workstreams for 2019/20.

Training in relation to tax was delivered for the Board in October 2019. The Risk Register for the FFPS identified the three most dominant risks as: the maintenance of Member data, overreliance on key pensions administration officers, and legislative change. These risks reflected recent, significant changes in the FFPS which had emphasised the importance of completeness and accuracy with regard to data as well as a number of fundamental scheme changes resulting from legal rulings.

Resolved - (a) That the report be received, and

(b) that Members submit suggestions for topics for future training sessions.

THE MCCLOUD/SARGEANT PENSION CASE - RESTITUTION - The Procurement Manager provided a verbal update in relation to the McCloud/Sargeant Pension Case.

The case was the result of a dispute with the Fire Brigades Union (FBU) in relation to the 1992 Pension Scheme. Leave from the Court of Appeal had been refused and the case had been referred back to the Tribunal for restitution. Fire authorities were awaiting guidance from the Home Office on how the judgements would affect the administration of pensions and how to proceed following the restitution.

Resolved - That the update be received.

8/20 THE O'BRIEN RDS MODIFIED PART 2 JUDGEMENT - The Procurement Manager provided a verbal update in relation to the O'Brien RDS Modified Part 2 Judgement.

This judgement was the result of a challenge mounted by an on-call firefighter to access a modified pension scheme. While on-call firefighters had not previously been allowed access to the FFPS, the judgement had led to their being allowed to access a modified version of the scheme and to their membership being back-dated to July 2000. The Part 2 Judgement was the result of a further challenge to allow on-call firefighters rights to the modified scheme for their full length of service.

Resolved - That the update be received.

9/20 PENSION SCHEME TRANSITIONAL PROTECTIONS: 2006 SCHEME - The Procurement Manager provided a verbal update in relation to the transitional protections for the 2006 Pension Scheme.

Resolved - That the update be received.

10/20 FIREFIGHTERS' PENSION SCHEME - ADMINISTRATION AND BENCHMARKING - The Finance Officer submitted a report summarising the administration and benchmarking activity in relation to the FFPS.

The main themes to emerge from administration and benchmarking activity in relation to the FFPS were the complexity of the various different schemes and the fact that there were 45 different fire and rescue services across the country working in different ways. The costs associated with the administration of the schemes were difficult to calculate and services had been absorbing the costs which were increasing as a result of changes to legislation and legal rulings. The benchmarking process had shown a need for standardisation in the administration of pension schemes across the country and recommended the establishment of regional strategies.

Resolved - That the report be received.

11/20 THE PENSIONS REGULATOR SURVEY - The Finance Officer submitted a report which included the Service's responses to the Pensions Regulator's Survey.

Resolved - That the report be received.

12/20 GAD 2016 VALUATION DATA - The Procurement Manager submitted a report summarising the FFPS valuation data for 2016.

The quality of data held by the Service was good compared to that held by other fire and rescue services, which was a significant and positive factor in the light of the amount of extra work that legal rulings and legislative changes necessitated.

Resolved - That the report be received.

13/20 PENSION SCHEME BILL - The Finance Officer provided a verbal update in relation to the Pension Scheme Bill.

The Bill was due to be subjected to its second reading following its first prior to the dissolution of Parliament in November 2019. The Bill would introduce a new pension scheme, allowing various defined contributions from employers to provide more choice. It would also involve the establishment of a pensions dashboard for members in order that they could easily access information concerning their pensions.

Resolved - That the update be received.

14/20 ANY OTHER BUSINESS - There were no items.

Meeting closed at 10.55 a.m.

Report by the Executive Director of Corporate Services/S.151 Officer

WORKSTREAMS UPDATE

SUMMARY

- 1. This report sets out an update on the workstreams that were originally agreed at the Pension Board in January 2016.
- 2. The workstreams are designed to ensure that the Board operates in compliance with the Pension Regulator's Code of Practice for Pension Boards.
- 3. The list of activities is not exhaustive and has evolved over the last 12 months and will continue to do so over the coming months.

RECOMMENDATIONS

4. That the Board considers the workstreams that are set out in this report.

WORKSTREAMS

- 5. Appendix 1 of this report sets out the workstreams proposed for the Pension Board over the short-to-medium term.
- 6. The workload aims to meet the requirements of the Code of Practice for Pension Boards and has therefore been shaped into three broad areas:-

Governance, Administration and Communication

7. The elements that are timetabled to be reported upon at this meeting are set out below:-

Governance

G3 workstream - Training

Training has been delivered at regular points since the inception of the Board in July 2015.

In September 2017 a training session for Pension Board Members and Officers was delivered by colleagues from LGA Pensions and the Pensions Regulator and more recently training in relation to tax was delivered in October 2019.

In June 2020, the Scheme Advisory Board delivered Pension Board Wrap up Training. The presentation slides for that training are attached at Appendix 2.

G5B workstream - Summary of Complaints Received

A clear process for complaints has been adopted and is a key component of the governance of the Firefighter Pension Schemes (FFPS).

There have been no complaints in relation to our administration of the FFPS in 2016/17, 2017/18. There was one complaint in 2018/19 and one in 2019/20 which have now been concluded. There has been one complaint in 2020/21 to date.

<u>G6 workstreams – Risk Register</u>

The Authority's team involved in the operation of the FFPS have developed a comprehensive Risk Register attached at Appendix 3.

The Risk Register identifies the three most dominant risks in Risk Areas 1, 2 and 3 as the maintenance of Member data (Risk 2), over reliance on key pensions administration officers (Risk 6), and also legislative change (Risk 7).

These risks reflect the recent significant changes in the FFPS which have brought a much greater emphasis on the completeness and accuracy of data and a number of fundamental scheme changes and legal rulings.

Risks specifically relating to the effects of the Covid 19 pandemic have been assessed and included in the Risk Register in Risk Area 4. The most dominant risks are the late payment of benefits (Risk 10) and cyber security breaches due to increased remote working (Risk 12).

These risks reflect the different working practices that have had to be adopted to ensure the ongoing administration of the scheme during the current pandemic.

All of these risks will be monitored carefully and it is felt that the mitigations and controls in place at present are sufficient.

Administration

A1 workstream - KPIs and Benchmarking, SLAs

The Service now has an agreed set of Key Performance Indicators (KPIs) with West Yorkshire Pension Fund (WYPF) who act as administrators of the FFPS on our behalf.

The KPIs are monitored and reported on monthly. Appendix 4 sets out the position for quarters 3 and 4 of 2019/20, and for April 2020.

The data shows good performance in most of the key areas.

The KPIs provide a sound basis on which to manage performance going forward.

A2 workstream – Costs per Member and Number of Scheme Members

Appendix 5 sets out the latest position of scheme members including those currently contributing to the 1992, 2006 and 2015 schemes and those in receipt of a pension. This information will be brought to each Board meeting.

A4 workstream - Pension Expenditure

Appendix 6 sets out the Humberside Fire Authority Pension Fund Account 2019/20, which was compiled as part of the Annual Accounts.

Communication

The most recent communication issued by West Yorkshire Pension Fund is attached at Appendix 7.

STRATEGIC PLAN COMPATIBILITY

8. No direct issues arising.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

9. No direct issues arising.

LEGAL IMPLICATIONS

10. The workstreams outlined in this report will ensure that HFRS can run a legally compliant Pension Board.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

11. No direct issues arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

12. No direct issues arising.

HEALTH AND SAFETY IMPLICATIONS

13. No direct issues arising.

COMMUNICATION ACTIONS ARISING

14. No direct issues arising.

DETAILS OF CONSULTATION AND/OR COLLABORATION

15. No direct issues arising.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

16. Papers as attached.

RECOMMENDATIONS RESTATED

17. That the Board considers the workstreams that are set out in this report.

K WILSON

Officer Contact: Kevin Wilson

© 01482 567183

Executive Director of Corporate Services/S.151 Officer

Humberside Fire & Rescue Service Summergroves Way Kingston upon Hull

KW/SK 16 June 2020

Appendix 1

PENSION BOARD - PROPOSED WORKSTREAMS

	W. I. d		Report to Pension Board				
	Workstream	Progress	Previous	Today	Future		
GOVE	GOVERNANCE						
G1	Establish the Pension Board	Completed	July 2015	-	-		
G2	Code of Practice	Circulated and discussed at the January 2016 meeting - Completed	January 2016	-	-		
G3	Training	Ongoing with initial training completed July/August 2015 and further training in April 2016 and March 2017 LGA training September 2017 WYPF training July 2018 Tax training October 2019 Pension Board Wrap up Training June 2020	July 2015 June 2016 January and July 2017 January and July 2018 January and July 2019	Jul 2020	Ongoing		
G4	Knowledge	Knowledge matrix as a basis on which to identify Pension Board Members' knowledge gaps circulated at January and June 2016 meetings and at April 2016 Pension Board Training	January and June 2016 and January 2017	-	-		
G5A	Complaints	Flowchart for the current complaints procedure for the FFPS circulated and discussed at January 2016 meeting - Completed	January 2016	-	-		
G5B	Summary of Complaints received	Complaints received in 2015/16 circulated. No complaints in 2016/17 and 2017/18, one in 2018/19, one in 2019/20, and one in 2020/21 to date	June 2016 January and July 2017 January and July 2018 January and July 2019 January 2020	Jul 2020	Each Pension Board		
G6	Risk Register	The Risk Register is updated on an ongoing basis.	June 2016 January and July 2017 January and July 2018, January 2019 and July 2019 January 2020	Jul 2020	Each Pension Board		
ADMI	NISTRATION		•				
A1	KPIs and Benchmarking, SLAs	KPIs are reported monthly.	June 2016 January and July 2017 January and July 2018, January 2019 and July 2019 January 2020	Jul 2020	Each Pension Board		
A2	Costs per member and number of scheme members	Reported to January 2016 Board and each Board thereafter	June 2016 January and July 2017 January and July 2018, January 2019 and July 2019 January 2020	Jul 2020	Each Pension Board		
A3	Data for CARE and data quality	The recent move to the new ERYC payroll system has facilitated the production of this information by 31 March 2016 - Completed	June 2016	-	-		

A4	Pension expenditure	Compiled as part of the Annual Accounts	June 2016 July 2017 July 2018 July 2019	Jul 2020	July 2021
COM	MUNICATION				
C1	By Scheme	Latest publication presented to meetings	January 2016, January and July 2017 July 2018 July 2019	Jul 2020	When published
C2	By the Service	Latest publication presented to January 2016 meeting	January 2016	-	When published
C3	Benefit Statements	Issued week commencing 19 December 2016 and August 2017, 2018 and 2019	January 2017	-	-
C4	Calculators	Circulated at the April 2016 Pension Board Training and now on the Authority's website - Completed	April 2016 Pension Board Training	-	-





LPB annual wrap-up training 2020 10 June 2020



Agenda

- Welcome and Introductions
- Group Discussion
- Age Discrimination Remedy
- TPR Governance & Administration Survey Results 2019
- Governance and Management Stakeholders
- Six key principles



Introduction



Who are we?

- LGA is a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government.
- The pensions team sits alongside our workforce colleagues to work with public sector bodies to manage their workforce and pensions, and our particular role is to work with the Fire and Rescue representing employers' interests to central government and other bodies on Firefighters Pensions policy.



An important note

- These slides are intended to provide an overview of the scheme regulations and should not be regarded as a complete guide
- Please note that it is the responsibility of each FRA to apply the rules of the pension scheme in accordance with their interpretation of the scheme and to obtain legal advice where they consider this is necessary.
- The information contained in these slides have been provided to give some guidance on the rules of the pension scheme, however they should be used only as an <u>informal view</u> of the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation.



Don't

- Police
- Inspect
- Regulate
- Report
- Whistle Blow

• Do

- Advise
- Guide
- Help
- Steer



Administration and management

- Each of the 45 England Fire & Rescue Authorities are responsible for the management and administration of the scheme and are defined in law as the <u>scheme</u> <u>manager</u>
- This responsibility is managed differently within each FRA depending on governance.
- Each FRA is required to administer and manage the scheme
- Currently 18 different pension administrators across the 45 FRAs, a list of Authorities and their administrators can be found here.



Funding

 The top up grant provided from central government covers pension payments only. It does not fund administration and management of the scheme.

 Unlike centrally administered schemes, where the employers pay an administration levy, FRAs have to fund pension costs arising from the administration and management of the scheme from their operating accounts.



Group discussion





 What do you think is most challenging for board members?



A quick straw poll...

- 1. Has there been an increase in breaches of law?
- 2. How would you expect to be informed of breaches?
- 3. Have any changes been made to your LPB risk register?

Has there been an increase in breaches of law?

0 0 8

Don't Know

63%

Yes, compliance

25%

No



Yes, due to Covid and information sharing





Have any changes been made to your LPB risk register due to the pandemic



Pending for the next board meeting



No, we haven't thought about it



Yes

10%

No, we don't believe there is any risk





COVID-19 governance survey now open

- (only) 10 responses to date 8 June
- 90% have held or planning to hold virtual meetings
- Communication between stakeholders has not been affected
- 80% have or planning to revise their risk register

Complete the survey now!



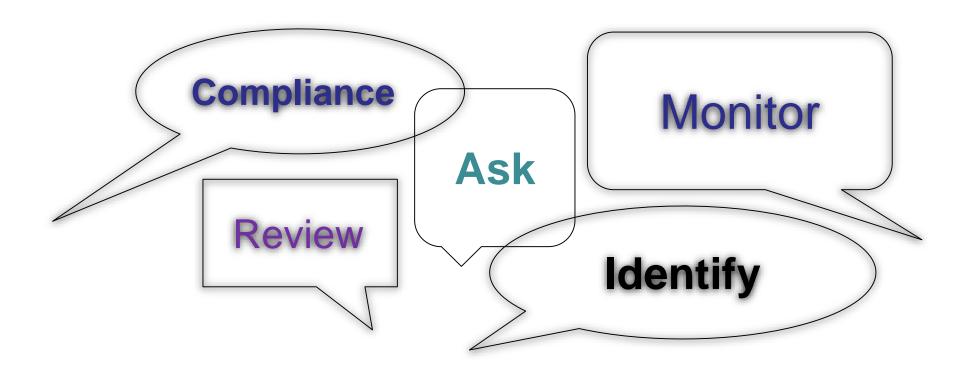


 How are you assisting your scheme manager in the management of the pension scheme?

 Please enter comments in the chat or put your virtual hand up!



A few examples





Age Discrimination



Remedy.....

Government to remedy public service pension schemes - including NHS & firefighter pensions

Welcome to the first edition of our new-look Public Sector Pensions Update.

In this edition, we focus on recent developments in the McCloud case.

Pensions update: McCloud/Sargeant fact sheet

Firefighters win back pensions in blow to government

Update on McCloud case



- The case is on the <u>transitional provisions</u> of the 2015 scheme
- It is these provisions that allowed certain members by virtue of age to remain protected in the final salary scheme at a later date.
- Tested in Court by the McCloud and Sargeant cases







Written Statement – HCWS187

- The government is developing proposals to address the unlawful age discrimination identified by the Court of Appeal in the 2015 reforms to the Judicial and Firefighters' pension schemes.
- On 15 July 2019, the government announced it would take steps to remove this discrimination retrospectively (HCWS1725). It confirmed that this would apply to pension scheme members with relevant service across all those public service pension schemes that were introduced in 2014 and 2015, regardless of whether individuals had made a claim. This is a complex undertaking, and it is important to get it right.
- Since February 2020 relevant pension schemes have been conducting technical discussions with member and employer representatives to seek initial views on the government's high-level proposals for removing the discrimination.
- I am grateful for the constructive engagement of trade unions, staff associations, public service employers and other stakeholders in these
 discussions. The government is considering the initial views of stakeholders and continuing to work through the details of the technical design
 elements of the proposals. Detailed proposals will be published later in the year and will be subject to public consultation. The government will
 welcome views on these proposals.
- For the avoidance of doubt, members of public service pension schemes with relevant service will not need to make a claim in order for the eventual changes to apply to them.
- I would like to reassure members that their pension entitlements are safe. The proposals the government is considering would allow relevant members to make a choice as to whether they accrued service in the legacy or reformed schemes for periods of relevant service, depending on what is better for them. The government will provide more detail later in the year, but if an individual's pension circumstances change as a result, the government may also need to consider whether previous tax years back to 2015-16 should be re-opened in relation to their pension.
- The government will also set out its proposal to remove the discrimination for future service in the forthcoming consultation.
- In January 2019, the government announced a pause to the cost control mechanism in public service pension schemes, due to uncertainty about benefit entitlements arising from the McCloud judgment. Alongside its proposals for addressing discrimination, the government will also provide an update on the cost control mechanism.



Final Salary Schemes Pre 2015

1992 Scheme

2006 Scheme (Special Members)

2006 Scheme

CARE scheme with discrimination protection

Default scheme final salary

Choice to receive CARE scheme benefits if better

We don't know when this will end?

Post Remedy

Unknown

Would final salary links be retained

Could it stand alone

Retirement

Pension would be combination of previous entitlements

Final Salary





What we don't know

- When discrimination will end
- When a choice might be made
- How the scheme might look in the future
- Actuarial assessment on employer contributions and cost cap
- Tax implications
- How to treat immediate events
- Contributions



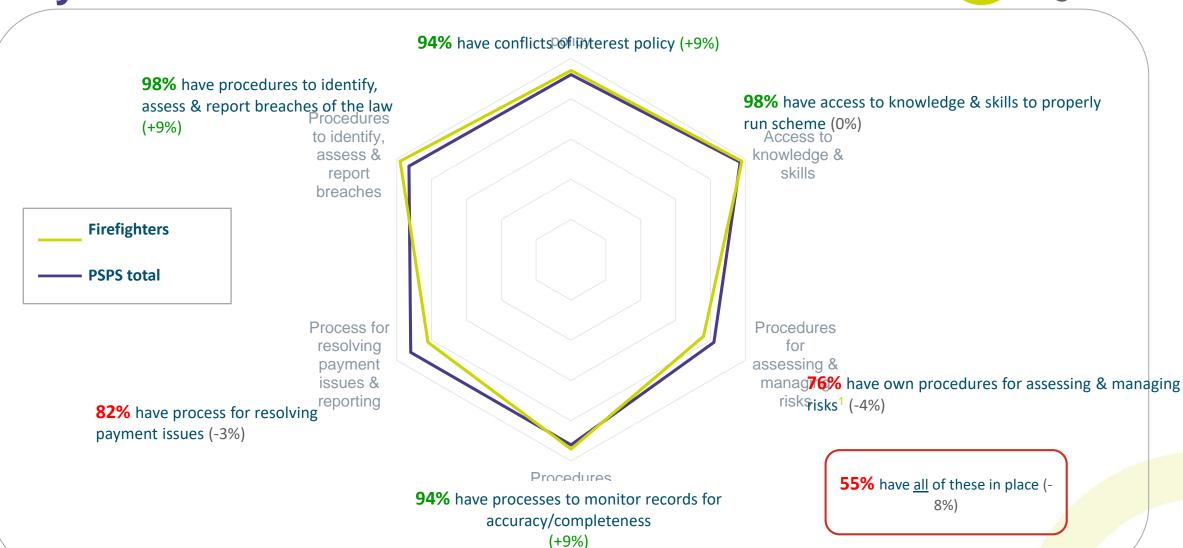


G&A Survey ResultsLocal Pension Board Training

Nick Gannon, Policy Lead June 2020

Key Features





Key results - Firefighters



- Only 55% have all 6 key processes in place (down from 63% in 2018), but more schemes have processes to monitor accuracy/completeness of records (+9%) and identify/report breaches of the law (+9%)
- Only 31% held at least 4 board meetings in last 12 months, although an improvement since 2018 (+11%)
- 86% now review board knowledge & understanding at least annually (+10%), but only 49% have board succession plan
- 88% completed a data review in last 12 months (+10%)
- 67% met ABS deadline for all active members, a fall from 2018 (-11%)
- But 75% of those missing the deadline reported it to TPR

Pension board composition



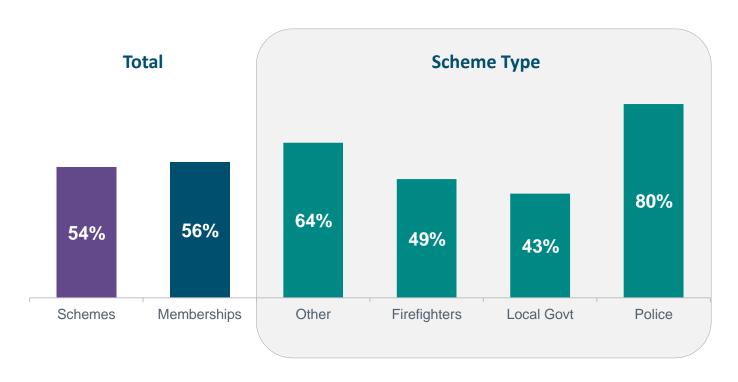
Number and turnover of pension board members

	Firefighters
Current board members (mean)	5.4
Vacant positions (mean)	0.3
Board members that left in last 12 months (mean)	1.1
Board members appointed in last 12 months (mean)	1.3
Mean % of total positions that are vacant	5%
Mean % of total positions that left in last 12 months	20%
Mean % of total positions appointed in last 12 months	22%





Proportion of schemes that have "a succession plan in place for the members of the pension board"



Delegation of responsibilities



Proportion of schemes where the scheme manager has "delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person"



Monitoring performance of administrators



Which of the following do you use measure the performance of your administrators?

	То	tal	Firefighters		
	Schemes	Member- ships	Total	In-house	External
Performance against a service level agreement or service schedule	85%	93%	84%	25%	95%
Complaints volumes and trends	70%	84%	57%	50%	59%
Auditing administration functions and systems	66%	84%	55%	75%	51%
Testing the accuracy of calculations	45%	58%	20%	25%	20%
Benchmarking against the market	37%	41%	16%	25%	15%
Assessing project delivery against initially agreed time and cost	32%	39%	18%	25%	17%
Analysis of errors	31%	43%	22%	13%	24%
Member satisfaction ratings	31%	54%	18%	0%	22%
Volumes of rework required	14%	34%	6%	13%	5%
'Right first time' statistics	8%	25%	2%	0%	2%
None of these	1%	0%	2%	13%	0%

Protection against cyber risk



Which of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?

System controls (firewalls, anti- virus/malware, software updates)	88%	(+3%)	Incident response plan to deal with any incidents which occur	73%	(+8%)
Controls restricting access to systems & data	90%	(+10%)	Access to specialist skills & expertise to understand & manage risk	69%	(+10%)
Critical systems & data regularly backed up	88%	(+10%)	Roles & responsibilities on cyber resilience clearly defined and documented	67%	(+2%)
Policies on data access, protection, use & transmission in line with DP legislation & guidance	90%	(+7%)	Assessment of vulnerability of key functions, systems, assets & parties	63%	(+2%)
Policies on use of devices, passwords, other authentication & home and mobile working	86%	(+6%)	Assessment of likelihood of different types of breaches occurring	61%	(+9%)
Cyber risk is on risk register & regularly reviewed	84%	(+12%)	Scheme manager receives regular updates on cyber risks, incidents & controls	55%	(+20%)
Scheme manager assured themselves of 3 rd party providers' controls	69%	(+12%)	Pension board receives regular updates on cyber risks, incidents & controls	51%	(+31%)

Impact of cyber breaches





82%
(+8%)
have half of all controls in place

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months, which, if any, of the following happened as a result? (All experiencing any cyber security breaches/attacks)

	Fire- fighters
Lost access to any third-party services you rely on	11% (+11%)
Website or online services taken down or made slower	0% (-23%)
Temporary loss of access to files or networks	0% (-14%)
Net: Any impact reported	11% (-21%)

Governance and Administration Risks



To what do the top three governance and administration risks on your register / facing your scheme relate?

Top Mentions (5%+)	All Schemes	Firefighters
Record-keeping (i.e. receipt & management of correct data)	50%	53%
Funding or investment	33%	8%
Securing compliance with changes in scheme regulations	28%	53%
Cyber risk	25%	20%
Recruitment and retention of staff or knowledge	23%	24%
Systems failures (IT, payroll, administration systems, etc)	20%	22%
Administrator issues (expense, performance, etc)	16%	18%
Lack of resources/time	14%	14%
Production of annual benefit statements	12%	16%
Failure of internal controls	11%	10%
Guaranteed Minimum Pension (GMP) reconciliation	10%	2%
Lack of knowledge, effectiveness or leadership among key personnel	9%	12%
McCloud/Sargeant judgement	7%	2%
Receiving contributions from the employer(s)	5%	0%





What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

	Firefighters
Complexity of the scheme	84%
Volume of changes required to comply with legislation	55%
The McCloud/Sargeant judgement	51%
Lack of resources or time	35%
Recruitment, training & retention of staff & knowledge	31%
Employer compliance	0%
Issues with systems (IT, payroll, administration systems, etc)	2%
Lack of knowledge, effectiveness or leadership among key personnel	6%
Poor communications between key personnel	2%
Other barriers	8%
There are no barriers	2%

Risk registers vs performance



	Risk register	No risk register
Have a documented policy to manage pension board members' conflicts of interest	95%	86%
Have a register of pension board members' interests	95%	86%
Held at least 4 board meetings in last 12 months	36%	0%
Evaluate knowledge, understanding and skills of the board at least annually	90%	57%
Have a succession plan for members of the pension board	55%	14%
Have documented procedures for assessing and managing risk	86%	14%
Reviewed exposure to new/existing risks at any board meetings (1+) in last 12 months	100%	57%
Completed a data review in last 12 months	90%	71%
Identified any issues in latest data review	85%	40%

Questions







Refreshment Break





FPS Governance and Management stakeholders



We've got a factsheet for that:

• FPS management and governance factsheet



Roles and responsibilities

- <u>Scheme manager</u> (employer)
- Local Pension Boards
- Scheme Advisory Board
- Administrator (third party or in-house)
- LGA
- Home Office (responsible authority)
- The Pensions Regulator





Scheme manager

- Defined in law as the Fire & Rescue Authority [Rule 4]
- Responsible for managing and administering the FPS 2015 and any connected scheme (i.e. FPS 1992 and 2006)
- Provision to delegate under the regulations [Rule 5]
- Delegated scheme manager should sit within the senior management team
- Scheme manager factsheet



Local Pension Boards

- Introduced by the <u>Public Service Pension Act 2013</u> and FPS governance regulations [<u>Rule 4A to 4D</u>]...
- ... to assist the scheme manager to secure compliance with the regulations, any other legislation relating to the governance and administration of the scheme, and any requirements imposed by TPR in relation to the scheme.
- The board also assists the scheme manager to ensure the effective and efficient governance and administration of the scheme.





Scheme Advisory Board

- Introduced by the <u>Public Service Pension Act 2013</u> and FPS governance regulations [<u>Rule 4E to 4H</u>]
- Two main functions:
 - oprovide advice as requested by the Secretary of State on the desirability of making changes to the scheme
 - oprovide advice to the Scheme Managers and Local Pension Boards in relation to the effective and efficient administration and management of the scheme
- Three committees support objectives on <u>cost</u>, <u>administration</u>, and <u>LPB effectiveness</u>



Administrator

- Appointed to run day to day scheme administration
- All legal responsibilities remain with the scheme manager
- Typical duties include paying pensions and issuing Annual Benefit Statements
- List of current scheme administrators



LGA

- Provide support and guidance to employers:
 - Technical advice
 - Library of guides and sample documents
 - Monthly information bulletins
 - Training
 - Facilitation of regional and national forums: technical, communications, fire pension officers
 - Representing stakeholders interests at national level
 - Secretariat service for Scheme Advisory Board



Home Office



 The Home Office is the responsible authority for the FPS, taking over from DCLG (now MHCLG) in 2016.

 The Home Office is responsible for making scheme regulations and policy decisions.



The Pensions Regulator (TPR)

- The <u>Public Service Pension Act 2013</u> gave TPR regulatory oversight of public service schemes.
- TPR is a public body established to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement.
- TPR has powers to "educate, enable, and enforce", and is responsible for promoting robust scheme governance.



Great expectations

What should we expect from each other?



Where do our interdependencies lie?

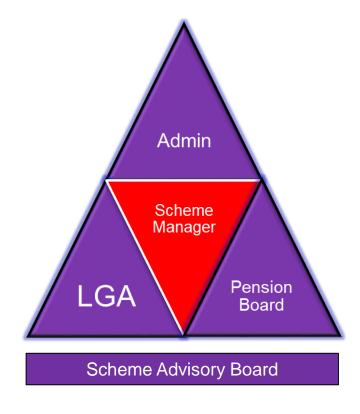


Pyramid of doom (or, scheme manager expectations)

- Scheme manager at the heart of good administration and management.
- But what help can they expect?

LPB to

- gain knowledge and understanding of scheme.
- provide constructive challenge and feedback.
- review processes and identify improvements.





Scheme manager expectations - continued

- Expectations of the administrator will be formally set out in a Service Level Agreement and should be frequently monitored.
- The scheme manager cannot expect the administrator to make decisions about local issues e.g. pensionable pay.
- Planned template administration strategy will help formalise expectations between parties.
- The LGA to provide appropriate advice, guidance, and training to assist the scheme manager in fulfilling their role.



Local Pension Board expectations

- Access to all information and resources needed to support the scheme manager.
- Scheme manager to attend LPB meetings and advise members of any issues arising.
- Board is adequately resourced in terms of members and length of office.
- The LGA to provide appropriate advice, guidance, and training to assist the LPB in fulfilling their role.



Scheme Advisory Board expectations

The two expectations of the SAB are set out in legislation:

- Any person/ party who is given advice by the SAB, must have regard to that advice [PSPA 2013 Sect 7(3)].
- Scheme manager will pay the amount required each year under the statutory levy [Rule 4H(3)].



Administrator expectations

- Again, most expectations set out in SLA.
- Good quality and timely data is a key expectation.
- Scheme managers to comply with all statutory requirements.
- Scheme manager to make decisions about the scheme e.g. local discretions, and advise the administrator.
- Pensions admin strategy will formalise other standards of expectation.
- LGA resources and technical advice also available to administrators.



LGA expectations

Our only expectation is that employers and administrators are aware of, and use, the information and guidance we provide.

An extract from the Aon <u>administration and benchmarking report</u> commissioned by the SAB:

"Our assumption is that the Scheme would be more effectively managed and administered if support which is already available were universally used."



Home Office expectations

"Please note that it is the legal responsibility of each FRA to apply the rules of the pension scheme in accordance with independent legal advice where they consider this is necessary. It is not the responsibility of the Department to give legal advice to FRAs; the Department can only give an informal view on the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation. FRAs should not rely directly on, or share, the Department's informal view."



TPR expectations

- Schemes to comply with statutory requirements and guidance.
- Including current <u>Code of practice 14</u>: Governance and administration of public service pension schemes.
- Recording and reporting of breaches of the law.
- Completion of the statutory annual scheme return.
- Completion of the voluntary annual governance and administration survey.



The Six Key Principles



% of FRAs meeting the key features

	2019	2018	2017	2016	2015
Conflicts	94 (+9%)	85	94	80	78
Knowledge and skills	98	98	92	94	36
Risks	76 (-4%)	80	63	44	36
Accuracy /	94 (+9%)	85	80	88	
Completeness					
Contribution issues	82 (-3%)	85	84	68	78
Breaches	98 (+9%)	89	84	78	36



Areas of improvement

Process	Not in place
Risk	24%
<u>Contribution issues</u>	15%
Conflicts of Interest	6%
Accuracy / completeness of records	6%
<u>Breaches</u>	2%
Knowledge and skills	2%



- Understand what the risks are
- 2. To be informed and knowledgeable
- 3. Understand the data
- 4. Collect the right money at the right time
- 5. What to do when something goes wrong
- 6. No conflicts of interest



What are the risks?



Risk

- At the 2019 survey 76% of Firefighters' Pension Schemes reported to have documented procedures for assessing and managing risk
- The TPR research report 2018 commented that Fire schemes were less likely to have risk management processes than other schemes.
- Is the risk register relevant and regularly assessed?



Who is the risk register for?

• It is the Local Pension Board's statutory responsibility to assist the scheme manager in ensuring compliance, therefore the responsibility for risk sits with the **scheme manager**, and it is for the board to ensure there is suitable mitigation of risk in the form of a risk register and procedures.



Risk

Regulatory and Compliance	Financial	Operational
Non compliance with TPR	Excessive Charges	Member Data
Failure to interpret regulations	Pension Functions unting mistages	Administrative failures
Failure to comply with disclosure requirements	Authorize osts due to the dure to apply scheme tax rule correctly	Premises
Failure to communicate with schemembers	ai are to ded correct employee contributions	Software
	Fraud	Workforce planning



How do you manage and recognise risk?

- How does your scheme make decisions
- Do you know where to get advice?
- Have you asked your administrator whether they will complete year end this year?
- How do you assess risk?
- Key personnel
- Administrator resilience?



What risk is there in decision making?





Top risks as rated by FPS

Risk	2019 %	2018 %
Securing compliance with changes in scheme regulations	53	61
Record-keeping (i.e receipt and management of correct data)	53	57
Recruitment and retention of staff or knowledge	24	26
Failure of internal controls	10	22
Lack of resources / time	14	20
Administrator issues (expense, performance, etc)	18	20
System failures (IT, payroll, administration systems, etc)	22	15
Guaranteed Minimum Pension (GMP) reconciliation	2	13
Production of annual benefit statements	16	13
Cyber risk	20	11
Lack of knowledge, effectiveness or leadership amongst key personnel	12	9
Funding or investment	8	7
McCloud / Sargeant	2	N/A



A complex scheme

- SAB report
- 73% administrators believe the scheme to be complex or very complex
- 66% of FRAs find decision making difficult
- 61% of members who responded only partly or don't understand their benefits.
- TPR Survey
- 84% of responses believe the complexity of the scheme is a barrier to improvement





Common Risk

- 1. Failure to have appropriate governance arrangements in place
- 2. Failure to ensure internal controls are in place to manage the scheme appropriately
- 3. Failure to secure compliance by ensuring legislation, rules and guidelines are interpreted correctly
- 4. Failure to ensure any conflicts of interest are identified and declared
- 5. Failure to ensure member data is complete and accurate and is of suitable quality to be relied upon
- 6. Failure of administration processes / occurrence of maladministration
- 7. Failure to ensure that there timely and accurate communication arrangements in place
- 9. Failure to ensure VFM by ensuring suppliers and customers are not overcharging
- 10. Failure to ensure occurrences of fraud and are identified and escalated
- 11. Failure to ensure employers and employees pay the appropriate contributions to the scheme
- 8. Failure to plan for operational disaster such as significant fire or floods
- 12. Failure to ensure there is appropriate membership of the LPB
- 13. Failure to ensure the LPB is able to fulfil its information reporting requirements in terms of reporting to the Pensions Regulator



Known areas of risk

Compliance	Two Pensions Scheme Sanction Charge Pensionable Pay
Cost of rectifying mistakes	From FRA Operating account Regulations do not give guidance on correcting errors Reputational
Legal Cases	Age Discrimination Retained Firefighters access to the scheme prior to July 2000
Breaches	Record vs Report
Capacity	Administrator Key person risk



To be informed and knowledgeable



Skills and Knowledge

- No change between 2018 & 2019, 98% of Firefighters' Pension Schemes report to have procedures to enable access to all the knowledge, understanding and skills necessary to properly run the scheme.
- However when asked what was a main barrier to improvement,
- 35% cited a lack of resources or time, and
- 31% cited training and retention of staff and knowledge



TPR Assessment Tool

Results

Using this report

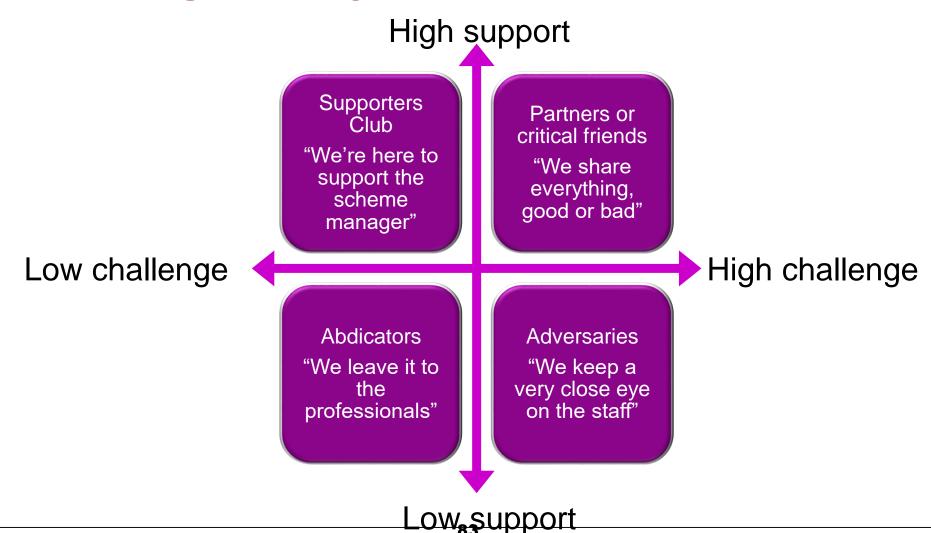
In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

Governing your scheme Managing risks and issues Administration O O Percentage of questions answered: Percentage of questions answered:

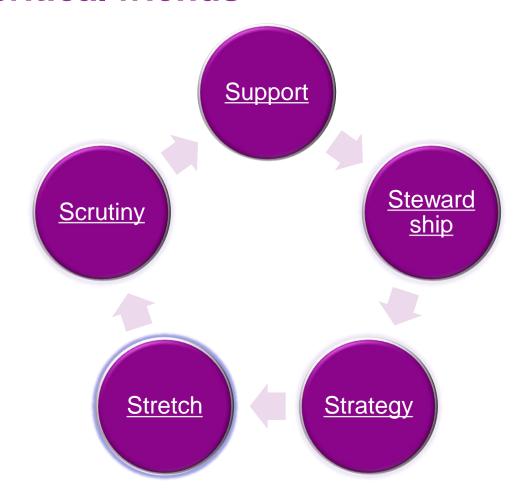


Getting where you want to be...





Useful skills for critical friends





Support

- To encourage, a critical friend asks;
 - -Have you got what you need to do that?
 - –We ought to celebrate that?

Six core principles

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- 5. Record and report when something goes wrong
- 6. Act without conflict

8:



Stewardship

- To protect and conserve their assets; a critical friend acting to guard access to knowledge and a good name says;
 - –How can we preserve that knowledge so that we can still learn from it in five years time?
 - —If a resource was removed would a risk be introduced?
 - -How would we cope if......

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- 5. Record and report when something goes wrong
- Act without conflict



Strategy

- Before making big decisions, critical friends listen to what others have to say, consult experts and their stakeholders, and then say;
 - -Where could we be in five years time?
 - -What do we want to achieve?
 - –What are other people doing?
 - -Where can we gain access to resource / knowledge

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- Record and report when something goes wrong
- 6. Act without conflict





Stretch

- To challenge and improve an organisation, critical friends say;
 - -How can we improve?
 - -Why are we doing ...
 - –What best practice is there?
 - -Have we thought of doing it differently?

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- 5. Record and report when something goes wrong
- 6 Act without conflict



Scrutiny

- Critical friends that are scrutinising or examining processes say;
 - -What alternatives did you consider and why?
 - -What regulations or case-law did you use to make your decision and why?
 - Have you followed guidance
 - -What is someone else doing?

Six core principles

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- 5. Record and report when something goes wrong
- 6 Act without conflict

End



Understand the data



Firefighter Pension Schemes

FPS 1992	FPS 2006 (Standard Members)	FPS 2006 (Special Members)	FPS 2015	Compensation Scheme	Remedy	
Protected standard members	Protected standard members	Protected special members	2015 only	Benefits based on service	Better off Final Salary or CARE	
	Protected retained members	Special Members (Pre 2000)	1992 transitional	Protections for retained firefighters with a qualifying injury before 1st April 2014		
			2006 standard transitional			
			2006 standard retained transitional			
			2006 special transitional members			



What priority do you put on data?

 94% of Firefighters' Pension Schemes reported to have a process to monitor membership types on an ongoing basis to ensure they are complete and accurate, an increase of 9% in the year

What processes do you have in place to improve data?



Is data as expected

- Data held securely on software
 - Reporting available on expected fields
 - Employer data such as retained firefighter employment records
- Data provided on time and accurate to administrators?
- Processes to ensure the administrator is aware of entitlement
 - Drop in Pay
 - Additional Pension Benefits



Value in measuring data

- Do your processes work?
- Do you know what should be provided (link back to knowledge?)
- What are the effects
- How is your score measured and reported
- What is your action plan

LGA Data Scoring Guidance TPR Data Measuring Guidance



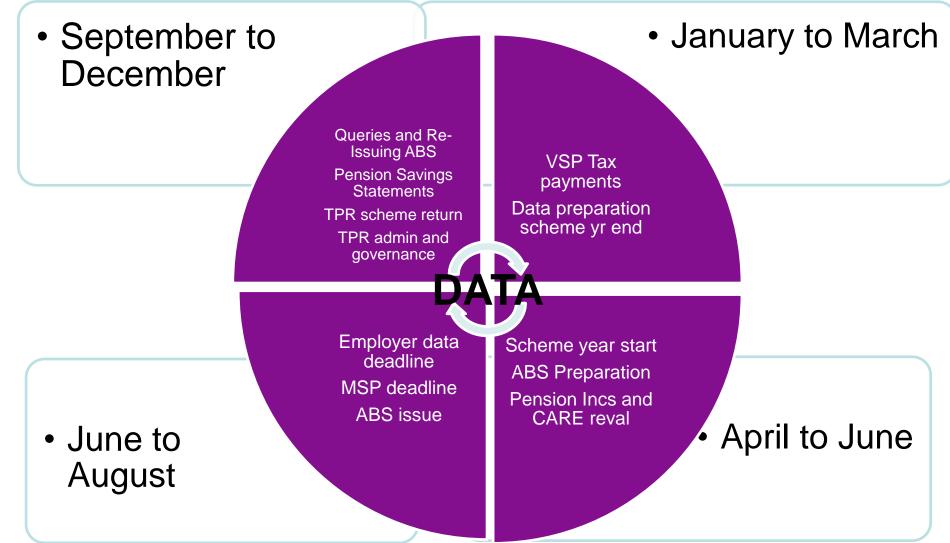
Accuracy Weighting

- Developed guidance to measure effectiveness of processes across 4 categories
 - 1. Data as expected
 - 2. Consistency
 - 3. Validation
 - 4. Specific Processes

Weighting template



Data Cycle





Are you dashboard ready?

- A platform to allow savers to view all their pension pots through a single portal.
- DWP have <u>consulted</u> on dashboards. To be compulsory but public sector expected not to join for 3 / 4 years.
- LGA <u>response</u> to consultation
- Further information can be found on https://pensionsdashboardproject.uk/



Cost effective administration

- How much does it cost to administrate and manage your scheme?
- Is the management and administration effective



Collect the right money at the right time!



Contribution Payments

 82% of Firefighters' Pension Schemes reported to have a process for resolving contribution payment issues

Surely as a single employer there are no issues....



Contribution Payments

- FPS 2006 Special Members paying by direct debit
- Contribution Holiday FPS 1992
- Employer contributions Absence
- Employer III-health Contributions
- Remedy?



What happens when it goes wrong



Breaches

- 98% of Firefighters' Pension Schemes reported to have procedures to identify, assess and report breaches of the law, this has risen from 36% in 2015.
- The TPR administration and governance survey results showed that in 2018 only 2% of an identified 17% recorded breaches of law were reported as material.
- Oversight?

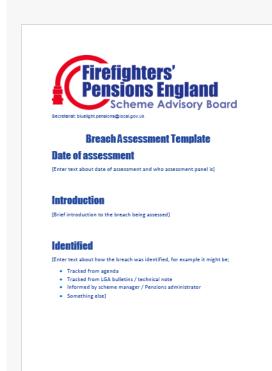


Reporting and recording breaches

	Potential investigation outcomes					
	Cause	Effect	Reaction	Wider implications		
Red	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/noncompliant entrenched behaviours The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed		
Amber	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager		
Green	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager		
	http://www.thepensionsregulator.gov.uk/docs/PS-reporti ng-breaches -examples-traffic-light-framework.pdf					



Breach Assessment



Using the <u>TPR</u>		the four areas and sco		I
	Gause	Effect	Reaction	Wider Implications
Red				
Amber				
Green				

Enter text about what the course of action is in response to the breach, including any timescales.] Board Review: Board Review: Tabled at Board Meeting: Agreed by board: Decision Report as material breach Recorded as breach		
Enter text about what the course of action is in response to the breach, including any timescales.] Board Review: Board Review: Tabled at Board Meeting: Agreed by board:		
History / Frequency Enter text about whether this is a breach that has occurred before and with what frequency.] Decision Report as material breach Recorded as breach	Action	
History / Frequency Enter text about whether this is a breach that has occurred before and with what frequency.] Decision Report as material breach Recorded as breach Assessed by:	[Enter text about what the course of action is in response to the breach,	
History / Frequency Enter text about whether this is a breach that has occurred before and with what frequency. Decision Report as material breach Recorded as breach Assessed by:	ncluding any timescales. J	Roard Review:
Agreed by board: Decision Report as material breach Recorded as breach Assessed by:	History / Frequency	
Agreed by hoard: Decision Report as material breach Recorded as breach Assessed by:		Tabled at Board Meeting:
Decision Report as material breach Recorded as breach Assessed by:	Enter text about whether this is a breach that has occurred before and with what frequency.]	
Report as material breach Recorded as breach Assessed by:		
Recorded as breach Assessed by:	Decision	
Assessed by:	Report as material breach	
	Recorded as breach	
	Annual Inc.	
Date of assessment:		
	Date of assessment:	

Breach Assessment Template



To act without conflict



Conflict of Interest

- 94% of Firefighters' Pension Schemes reported to have a policy to manage board members conflicts of interest, this has risen from 79% in 2015.
- The scheme manager must ensure there is no conflict of interest upon appointment and manage any potential conflict of interest that may arise.
- Conflict does not arise by virtue of membership of the scheme or any
 connected scheme, but means a financial or other interest likely to prejudice
 the person's exercise of functions as a member of the board.



Conflict of Interest

Identify

Monitor

Manage



Remember

- 1. Assess and mitigate your risks
- 2. Encourage knowledge and skills
- 3. Know your data
- 4. Collect the right money at the right time
- 5. Record and report when something goes wrong
- 6. Act without conflict



Any questions





Disclaimer

- The information contained in these slides are the authors interpretation of the current regulations.
- Readers should take their own legal advice on the interpretation of any particular piece of legislation.
- No responsibility whatsoever will be assumed by LGA or their partners for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in these slides.



Thank you for listening!

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www.fpsboard.org&www.fpsregs.org

Firefighters' Pension Scheme - Administration Risk Register

Risk Assessment Form

Organisation: Humberside Fire & Rescue Service

Scheme Manager: Delegated to Executive Director of Corporate Services and s151 Officer

	Risk	As	ssessment of R	isk	Risk Control Measures	Owner	Test	Next Review	Comment
		Likelihood	Impact	Risk Rating					
	Risk Area 1 - Operations								
1	Operational disaster (fire, flood etc)				Business continuity plans in place for Pension Administrator	Senior Finance Officer	Annual	Jan-21	
		1	4	4	Business continuity plans in place for Scheme Manager	Senior Finance Officer	Annual	Jan-21	
2	Member data incomplete or inaccurate	3	3	9	Annual report from Pension Administrator used as basis for rectification/data cleansing plan	Senior Finance Officer	Annual		Less likely that data will be incomplete or inaccurate now that monthly returns
					Returns from annual statements, Life Certificate checks, and National Fraud Initiative checks	Pension Admin	Annual	Jan-21	are being submitted
3	Administration process failure/maladministration				Formal agreement in place with administrator, including SLAs	Senior Finance Officer	Annual	Jan-21	
					Authority levels clearly agreed and kept up to date	Scheme Manager	Annual	Jan-21	
		1	2	2	Review independent reports of administrator's process	Scheme Manager	Annual	Jan-21	KPIs subject to quarterly review
					Ongoing dialogue with administrator	Senior Finance Officer	Ongoing	Ongoing	
					Contract meetings between Pension Administrator and Senior Finance Officer	Senior Finance Officer	Quarterly	Ongoing	

	Risk Area 2 - Financial								
4	Excessive charges by supplier	3	2	6	Annual review of scheme budget, review of costs incurred against budget	Senior Finance Officer	Annual	Jan-21	Charges may increase with additional work required as a result of McCloud
					Periodic review of supplier	Senior Finance Officer	Annual	Jan-21	judgment
5	Incorrect employee and employer contributions				Check incoming and outgoing scheme funds against scheme forecast - reconciling all funds	Senior Finance Officer	Monthly	Aug-20	
		1	5	5	Monitoring of contribution payments	Senior Finance Officer	Monthly	Aug-20	
					Annual audit	Finance Manager	Annual	Jan-21	
	Risk Area 3 - Regulatory & Compliance								
6	Over reliance on key pensions administration officers	3	3	9	Key officers convey specialist knowledge on to colleagues by mentoring	Senior Finance Officer/ Pensions Admin	Ongoing	Ongoing	Additional work caused by McCloud may pull key officers away from
		J	3 9		Enhance training by bespoke sessions/courses/workshops	Senior Finance Officer/ Pensions Admin	Ongoing	Ongoing	routine work resulting in potential administrative errors
7	Changes to legislation				Ongoing review of legislative framework	Scheme manager	Ongoing	Ongoing	
		5	4	20	Up to date and documented training log, showing completion of scheme specific and The Pensions Regulator's educational material	Scheme manager	Ongoing	Ongoing	McCloud judgment will result in legislative changes
					Technical advice and updates	Scheme manager	Ongoing	Ongoing	
8	Delayed Annual Benefit statements (Special Modified Scheme)	2	2	4	Submission of monthly data, and timely submission of year end data	Senior Finance Officer/ Pensions Admin	Ongoing	Ongoing	Procedures put in place to automate production of ABS for Special Modified Scheme Members
9	Conflicts of interest	2	1	2	Pension board awareness of legal responsibilities All pension board members to declare any conflicts and potential conflicts	Scheme Manager Scheme Manager	Ongoing Ongoing	Ongoing Ongoing	

	Risk Area 4 - Covid-19								
10	Late payment of benefits (including processing death and survivor benefits)	3	3	9	Pension payroll operating fully on a remote basis and subject to ongong review and testing	Scheme Manager	Ongoing	Ongoing	
11	Delay in processing retirements	2	3	6	Prioritising retirement processing in accordance with The Pension Regulator's Guidance	Scheme Manager	Ongoing	Ongoing	There may be a slight delay in the payment of retirement lump sums due to payroll processes running weekly, but payment will still be processed within time limits set out in pension legislation
12	Cyber security breaches due to increased remote working	3	4	12	Supporting good decision making and minimsing the risk of scams in line with The Pension Regulator's Guidance	Scheme Manager	Ongoing	Ongoing	
13	Delayed Annual Benefit Statements	3	2	6	Submission of monthly returns ongoing Administrators performing key duties remotely	Scheme Manager	Ongoing	Ongoing	The Pension Regulator recognises that producing annual benefit statements could be challenging this year, and will take a pragmatic view about schemes that do not meet the 31 August deadline, and will be proportionate and fair when assessing whether to take any action

Risk Matrix

The following model rates the impact and likelihood of an identified risk using a scale of 1 to 5.

The likelihood score is multiplied by the impact score (as shown in the table) to give an overall risk score.

The final score will influence the level of monitoring and/or control required in relation to each risk.

Likelihood Score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
l ' . '	happen/recur	happen/recur but it is possible	occasionally	but it is not a persisting	Will undoubtedly happen/recur, possibly
happen		it may do so		issue/circumstance	frequently

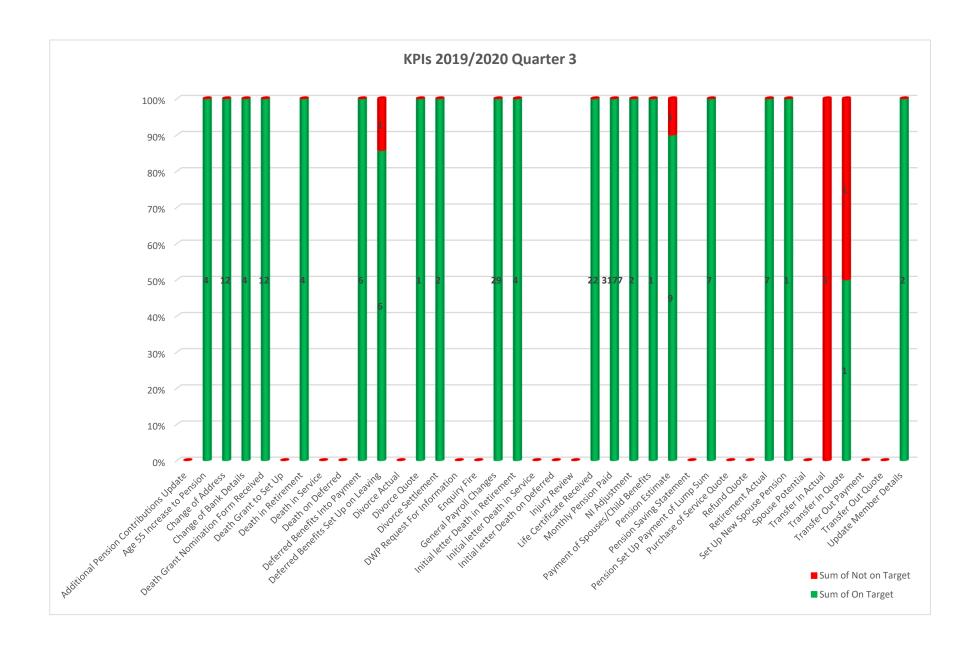
Impact Score	1	2	3	4	5
Descriptor	Negligible	Minor	Moderate	Major	Catastrophic
· ·	Minor problem easily handled by normal day to day processes	· ·	Significant operational disruption possible	Operations severely damaged	Operational survival at risk
Risk Area 2 - Financial	'	Potential for short term financial impact	Potential for medium term financial impact	Potential for long term financial impact	Potential for permanent long term financial impact
Risk Area 3 - Regulatory & Compliance	, ,	Misunderstanding of rules/regulations resulting in reduced performance	Breach of rules/regulations resulting in informal complaint(s)	Breach of rules/regulations resulting in formal report or complaint(s) being lodged	Breach of rules/regulations resulting in legal action
	Minor problem easily handled by normal day to day processes	Potential for some disruption to normal processes	Significant disruption to normal processes possible	Normal processes severely disrupted	Operational survival at risk

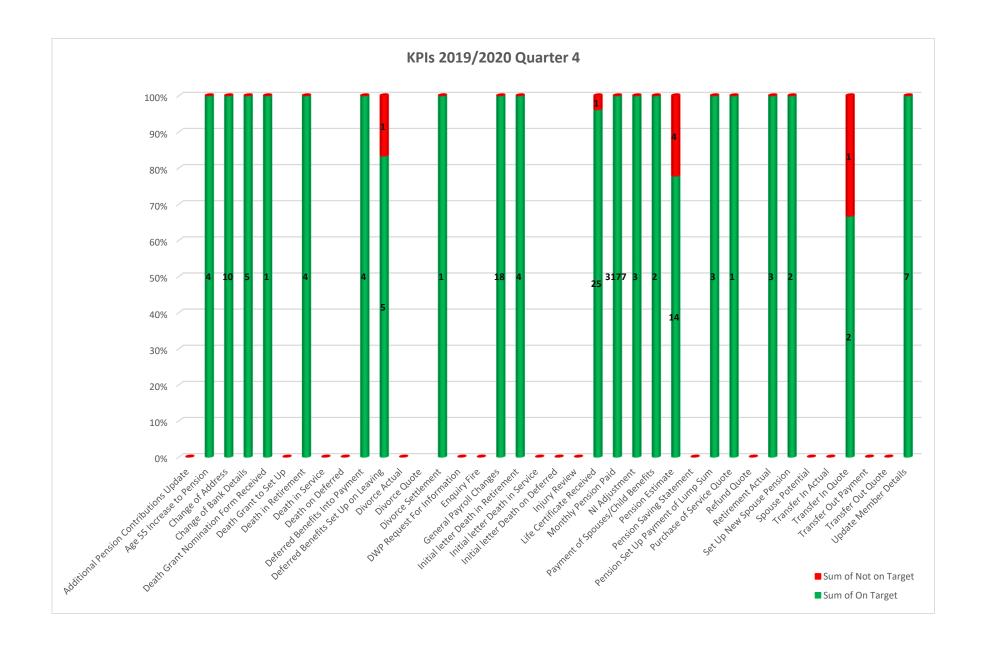
	Likelihood Scor	Likelihood Score							
Impact Score	1	2	3	4	5				
5 Catastrophic	5	10	15	20	25				
4 Major	4	8	12	16	20				
3 Moderate	3	6	9	12	15				
2 Minor	2	4	6	8	10				
1 Negligible	1	2	3	4	5				

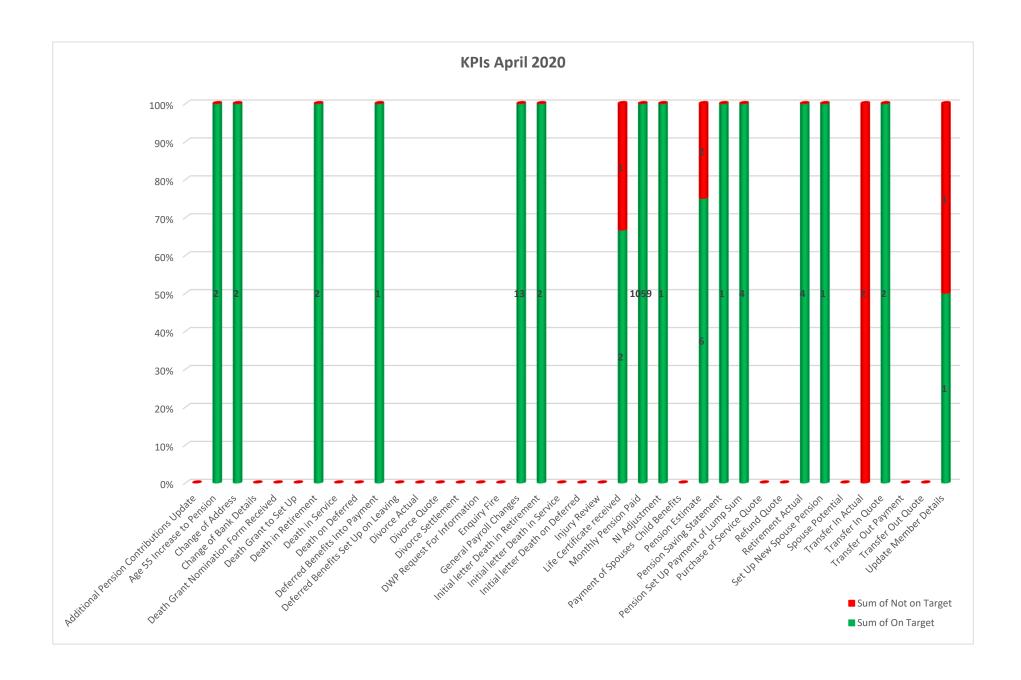


KPIs 2019/20 Quarter 3 & 4 and April 2020

Number	Key Performance Indicator	Target Days	
1	Additional Pension Contributions Update	10	85%
2	Age 55 Increase to Pension	20	85%
3	Change of Address	20	85%
4	Change of Bank Details	20	85%
5	Death Grant Nomination Form Received	20	85%
6	Death Grant to Set Up	5	85%
7	Death in Retirement	5	85%
8	Death in Service	5	85%
9	Death on Deferred	5	85%
10	Deferred Benefits Into Payment	3	85%
11	Deferred Benefits Set Up on Leaving	10	85%
12	Divorce Actual	80	100%
13	Divorce Quote	35	85%
14	Divorce Settlement	80	100%
15	DWP Request For Information	10	85%
16	Enquiry Fire	5	85%
17	General Payroll Changes	20	85%
18	Initial letter Death in Retirement	5	85%
19	Initial letter Death in Service	5	85%
20	Initial letter Death on Deferred	5	85%
21	Injury Review	20	100%
22	Life Certificate Received	5	85%
23	Monthly Pension Paid	Due Date	100%
24	NI Adjustment	20	85%
25	Payment of Spouses/Child Benefits	5	85%
26	Pension Estimate	10	85%
27	Pension Saving Statement	20	100%
28	Pension Set Up Payment of Lump Sum	3	85%
29	Purchase of Service Quote	20	85%
30	Refund Quote	35	85%
31	Retirement Actual	10	85%
32	Set Up New Spouse Pension	5	85%
33	Spouse Potential	10	85%
34	Transfer In Actual	10	85%
35	Transfer In Quote	10	85%
36	Transfer Out Payment	10	85%
37	Transfer Out Quote	35	100%
38	Update Member Details	20	100%





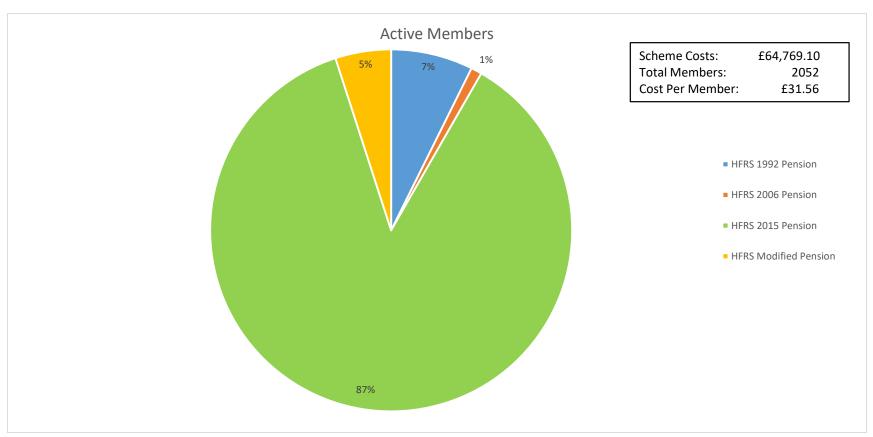


Firefighters' Pension Scheme - Number of Scheme Members and Administration Cost Per Member as at 30/09/2019

Total Members

Scheme Name	Active	Deferred	Pensioner	Beneficiary
HFRS 1992 Pension	53	48	832	140
HFRS 2006 Pension	7	113	11	7
HFRS 2015 Pension	627	98	11	0
HFRS Modified Pension	36	11	58	0
Total	723	270	912	147
Grand Total				2052

Total Costs	
Service	Cost
HFRS Salary	£31,284.20
Administration	£28,429.00
Payroll	£5,055.90
Total	£64,769.10







Humberside Fire Authority Pension Fund Account 2019/20

FIREFIGHTERS' PENSION FUND ACCOUNT

The following table analyses movements on the Fund for the year 2019/20

2018/19 £'000s		2019/20 £'000s
C	Contributions receivable:	
(3,243)	Employers' contributions receivable	(5,839)
(2,573)	Firefighters' contributions	(2,541)
(5,816)		(8,380)
(126) T	ransfers in from other authorities	(238)
E	Benefits payable:	
15,273	Pensions	16,122
3,955	Commutations & lump sum retirement benefits	5,040
19,228		21,162
F	Payments to and on account leavers	
8	Transfers out to other authorities	72
13,294	Net amount payable for the year	12,616
(13,294)	Top-up grant receivable to the Firefighters' Pension Fund Fund Account balance	(12,616)
2018/19	Net Assets Statement Current Assets	2019/20
2,354	Home Office grant debtor	3,141
2,35 4 1,353	Pensions Paid in Advance	1,423
1,000	Current Liabilities	1,423
(3,707)	Humberside Fire Authority	(4,564)

Notes to the Firefighters' Pension Fund Account

The funding arrangements for the Firefighters' Pension Scheme (FPS) changed on 1 April 2006. The Pension Fund was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The Pension Fund administers all four of the Firefighters' Pension Schemes (the 1992 Firefighters' Pension Scheme, the 2006 Firefighters' Pension Scheme and the Modified Firefighters' Pension Scheme).

The Pension Fund is administered by Humberside Fire Authority.

The Pension Fund is managed by the Executive Director of Corporate Services and Section 151 Officer.

The benefits payable from the Pension Fund are pensions, lump sum commutation payments and ill health pensions. Injury awards are payable from the Authority's General Fund Account.

The Pension Fund is an unfunded scheme, consequently:

- It has no investment assets;
- Benefits payable are funded by contributions from employers and employees; and
- any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office (HO)

The Pension Fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund. These expenses are accounted for in the Authority's General Fund Account.

Employee and employer contribution levels are based on percentages of pensionable pay set nationally by HO and are subject to triennial revaluation by the Government Actuary's Department. The employers' contribution rates are determined nationally by the Government Actuary's Department and are currently 21.7% for the 1992 FPS, 11.0% for the 2006 FPS, 21.7% for the Modified FPS and 14.3% for the 2015 FPS.

The membership for the pensions fund is as follows;

Category of Member	31/3/2020 1992 FPS	31/3/2020 2006 NFPS	31/3/2020 Modified Pension Scheme	31/3/2020 2015 FPS	31/3/2019 1992 FPS	31/3/2019 2006 NFPS	31/3/2019 Modified Pension Scheme	31/3/2019 2015 FPS
Contributors	53	7	36	627	93	7	42	580
Deferred Pensioners	48	113	11	98	49	115	13	74
Pensioners	972	18	58	11	952	17	52	4

Statement of Accounting Policies

The Accounting Policies adopted for the Pension Fund follow those set out in the Authority's Statement of Accounting Policies (Note 1 of the Notes to the Financial Statements). Transfer values are an exception to this policy and are on a cash basis.

The following item(s) are estimated and are material to the Pension Fund account:

Estimation of top-up grant receivable

The Pension Fund Account does not take account of the obligations to pay pensions and benefits that fall due after the end of the financial year. These are reflected in the Authority's accounts in accordance with IAS 19 – Employee Benefits (Please see note 4 in the Notes to the Financial Statements).







Pension

NEWSLETTER

SPRING/SUMMER 2020 • ACTIVE MEMBERS

CARE pensions up 1.7% in 2020

The adjustment to your CARE pension for 2020 is an increase of 1.7%. But you'll see on page 4 of your attached statement (under 'cost of living adjustment') that your CARE pension account was increased by 2.4% on 1 April 2019.

Why isn't the 1.7% increase on my 2020 statement?

The reason is that the statement shows your pension up to **31 March 2020** – the day before the 1.7% increase was applied to your pension on 1 April 2020. You'll see the 1.7% increase on your 2021 statement instead.

About the adjustment

We adjust the pension you've built up so far every April in line with the Treasury Department's Revaluation Order, currently set by the Consumer Price Index (CPI) for the September before the increase date. The adjustment only applies to the CARE part of your pension. If you also have final-salary pension benefits from membership before April 2014 they're worked out differently and the increase doesn't apply to them until you retire.

New contribution bands for 2020/21

The contribution rate you pay for your LGPS pension depends on which 'pay band' your pay falls into, and the bands usually change in April. The government adjusts the bands according to the Consumer Price Index for the previous September, so this year they went up by 1.7%.

The table below shows the new pay bands and your contribution rate for the main section of the scheme and the 50/50 section (find out more about that at www.wypf.org.uk/5050) if you opted to pay half contributions.

Yearly pay	pay Contribution rate	
	Main	50/50
Up to £14,600	5.5%	2.75%
£14,601 to £22,800	5.8%	2.9%
£22,801 to £37,100	6.5%	3.25%
£37,101 to £46,900	6.8%	3.4%
£46,901 to £65,600	8.5%	4.25%
£65,601 to £93,000	9.9%	4.95%
£93,001 to £109,500	10.5%	5.25%
£109,501 to £164,200	11.4%	5.7%
£164,201 or more	12.5%	6.25%

2020 Affinity Connect retirement workshops

We're planning* the fourth season of our very popular retirement workshops for members in association with retirement specialist Affinity Connect. These free workshops are designed to raise awareness of the key issues you need to consider as you approach retirement and look at some of the decisions you will need to make. They're especially useful if you're thinking of retiring in the next couple of years, but also if you're not yet sure when you want to retire.

*Because of the coronavirus outbreak, we don't know if all these sessions will go aheadon th edates shown. Please check www.wypf.org.uk/active-events for more information. If the dates shown are cancelled, we will arrange new ones later on.

What's covered?

Lifestyle changes • Managing change • Income in retirement • State pension and other benefits • Personal taxation and tax tips • Money management • Budgeting in retirement • Making your money last

West Yorkshire Lincolnshire

			_	
Workshops run from 9am to 12.15pm		Most workshops run from 1pm to 4.15pm		
Bradford	12 Jun	Grantham	16 Jul	
Wakefield	20 Jul	Branston	11 Aug	
Leeds	17 Sep	Swineshead	08 Sep	
Wakefield	27 Oct	Gainsborough	14 Oct	
Leeds	13 Nov	Sleaford	10 Nov	
Hounslow				
Hounslow	30 Sep	12.30 to 3.45pm		

2019 annual meetings

West Yorkshire members attented a meeting on 6 November 2019 at City Hall in Bradford. Councillor Andrew Thornton, chair of WYPF, chaired the meeting, which included analysis of our investment and administration performance over the year, and presentations from director Rodney Barton and fund investment advisers Noel Mills and Mark Stevens.

Hounslow Pension Fund held its annual general meeting at Hounslow House on 21 November. The meeting was introduced by the Executive Director of Finance & Resources, Clive Palfreyman, and HPF's investment adviser updated delegates on the fund's financial position.

You can download the presenters' PowerPoint slides for both at www.wypf.org.uk/meeting

2020/21 HMRC allowances

Annual allowance

£40,000 but with a tapered reduction to a minimum of £4,000 depending on earnings.

Lifetime allowance £1,073,100

Find out more at www.wypf.org.uk/allowances

The annual pension allowance is the maximum amount of pension savings that you can build up in a year. In the 2019/20 tax year, the annual allowance of £40,000 was reduced or 'tapered' for those earning over £110,000 a year, meaning that for every £2 of 'adjusted income' over £150,000, the annual allowance for that year reduced by £1. Adjusted income is all your income plus any pension contributions you've paid.

Budget changes for 2020/21

From Monday 6 April the income threshold goes up to £200,000, so if you earn under this amount you won't be affected by the tapered annual allowance. The annual allowance will only begin to taper if your income is above £240,000, which is the £200,000 allowance plus the £40,000 you can save into a pension. At the same time the the minimum annual allowance goes down from £10,000 to £4,000, only affecting those with an income of over £300,000.

Protections extended for some members

The government has confirmed that protections for older scheme members in the 2014 pension reforms should be extended to younger members following a successful age-discrimination legal challenge. This will only apply to people who joined the LGPS before 2014. Changes will be backdated to 2014, but the judgement doesn't mean everyone will see an increase to pension benefits, and any changes are likely to be small.

We don't know when any changes will happen, so please don't contact us about this yet (check **wypf. org.uk** for updates). Note that if your pension changes in any way, it will happen automatically.

Your pension is protected against stock market falls

You will have see the news lately about falls in stock markets and the impact on some people's pensions.

But LGPS defined benefit pensions are not linked to stock market performance and are set out in statute by the government. LGPS scheme members can therefore be assured that both their contributions and their pension, whether in payment now or built up to date, will be unaffected.

Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer-term impacts.

Serious ill health

Helping ill members with a short life expectancy

When seriously ill members have a life expectancy of just a few weeks, an employer should contact us to make sure of the best financial outcome for members and their families. The type of benefits awarded can mean a considerable financial difference. If you find yourself in this difficult situation, talk to your employer and make sure they ask us urgently to set out how best to help you and your dependants.

Your death grant

If you die while you're paying into the scheme, we pay a death grant of at least three times your pay (the actual amount may be different if you have other pensions in the LGPS). You can choose who gets this money. If you haven't nominated anyone yet you can download a form at www.wypf.org.uk/deathgrant

Equitable Life AVC transfer complete

We told you in the last newsletter that as the single overall policy holder for scheme members who pay AVCs (additional voluntary contributions) to Equitable Life we would vote on a proposal to transfer all Equitable Life's policies to assurance company Utmost Life and Pensions. The vote has gone ahead and the transfer to Utmost Life and Pensions is now complete. As a result, the withprofits fund has closed, ending the guaranteed investment return and converting with-profits to unit-linked policies. Members who pay AVCs for life cover only will see no change to their policy. We are writing to members about the transfer to Utmost, and there's more information at www.equitable.co.uk/helpful-qas

It's time to go online

Our improved online
mypension service is
the best way to view
your pension record
and statements, update
personal details,
tell us you've moved
house and more

Have you tried it yet?

Register today at aswww.wypf.org.uk/register

Moving house?



If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information doesn't go to your old address, putting you at risk of identity fraud.

So when you move, please let us know about it as soon as you can (why not use our online **My Pension** service?). Please also tell your employer you've moved, and if you're paying AVCs, your AVC provider.

Transfer time limits

If you're thinking about leaving the pension scheme and transferring your LGPS pension to another provider, please remember that to be entitled to transfer your pension you must leave this scheme and choose to transfer your pension at least one year before your normal pension age (NPA).

Beware of pension scams: falling foul of a scam could mean you lose some or all of your money. See pensions-scams.com or fca.org.uk/scamsmart

Contact us

Phone 01274 434999

Monday to Friday 8.45am to 4.30pm

Email pensions@wypf.org.uk

Postal WYPF

Address PO Box 67

Bradford BD1 1UP

Our offices may be closed to visitors when you read this because of the coronavirus outbreak. Please check our website or phone us before you visit us.

Your pension scheme at a glance

Build up rate of 1/49th of your pay a year

Revalued yearly by Treasury order

Build up rate for survivor benefits 1/160th

Pensions in payment inflation protected

What pay counts towards my pension?

Actual pay including overtime, and additional hours if you're part time

Can I reduce my contributions?

You can temporarily pay 50% contributions to get 50% pension

What's my normal pension age?

Your state pension age

Can I trade pension for lump sum?

Yes – get £12 lump sum for every £1 pension you trade

What death grant is paid if I die 'in service'?

A lump sum of at least three times your pensionable pay

How is my pension enhanced if I retire because of ill health?

Depends if it's tier 1, 2 or 3...

1 ... enhancement to normal pension age

2 ... 25% enhancement to normal pension age

3 ... temporary payment of pension for up to three years

How long do I have to pay in to be entitled to a pension?

Two years

How long can I pay into the pension scheme?

Up to age 75

Published spring/summer 2020 by West Yorkshire Pension Fund. The information in this newsletter relates to active members only and can't be treated as a statement of the law.

Available in large type, Braille or in audio format on request

We intend to make the information we give you available online only in the future. But don't worry, if you don't have access to the internet or prefer not to use our online services, we can send important pension information by post on request.





Report 2019 Annual Benefit Statement survey

February 2020

Research Report

Prepared for the Firefighters' Pensions (England)
Scheme Advisory Board – Local Pension Board
effectiveness committee

Contents

1.	Exe	ecutive Summary	3
	1.1	Data submission	3
	1.2	Meeting the deadline	3
	1.3	Deferred members	3
	1.4	Internal controls	4
	1.5	Administration and resources	4
2.	Intr	roduction	5
3.	Ме	thodology	6
;	3.1	Fieldwork	6
;	3.2	FRA respondent profile	7
4.	Re	search findings	7
4	4.1	Data submission	7
4	4.2	Meeting the deadline	9
4	4.3	Deferred members	11
4	4.4	Internal controls	15
4	4.5	Administration and resources	17
5.	Re	commendations	22
,	5.1	Data submission	22
,	5.2	Meeting the deadline	22
,	5.3	Deferred members	23
;	5.4	Internal controls	23
;	5.5	Administration and resources	23
	An	nex A: Survey questions – FRA	24
	An	nex B: Survey questions – administrator	27
	An	nex C: Respondents	30
	An	nex D: Please explain why any breach was not recorded/ reported, if applicable	32
	An	nex E: What, if anything, do you plan to do differently next year to improve the ABS process?	33
	An	nex F: Is there anything the Scheme Advisory Board could do facilitate improvements to the	
	AB	S process?	35

1. Executive Summary

The ABS 2019 survey invitation was issued via FPS bulletin to all relevant stakeholders on 29 November 2019. For the first time this year, separate employer (Fire and Rescue Authority (FRA)) and administrator versions of the survey were issued.

The survey closed on 6 January 2020. During that time 33 FRA and 36 administrator responses were received in respect of the 45 FRAs in England, equating to an overall response rate of 73% and 80% respectively.

1.1 Data submission

Almost 90% of both employers and administrators indicated that all year-end information was submitted by the deadline required to allow administrators to carry out key processes, such as checking and validating data, and running provisional statements.

Administrators were asked what percentage of data was returned to the employer to query. Almost half (48%) returned under 5% of data, and a further quarter (26%) returned between 5-10% where the salary or other information appeared to be incorrect.

The split between monthly and annual submissions is approximately equal.

1.2 Meeting the deadline

There was some discrepancy in the responses to meeting the statutory deadline of 31 August for active members. Almost all administrators (97%) confirmed that the deadline had been met, compared with only 70% of FRAs.

The variance appears to be due to the tolerance level as just over half of respondents in both categories reported that 100% of statements were produced and distributed by that date.

Where statements could not be issued by 31 August, the only particular category of member affected were special members of the FPS 2006 (40% administrator and 64% FRA).

The most common cause of delay, in one-third to one-half of cases, was software that was unable to perform the required calculations. Around 3% cited late submission of data, and 6% of FRAs stated other reasons, which were broadly categorised as data issues.

1.3 Deferred members

Despite there being no statutory requirement to send deferred benefit statements (DBS) to former members of the FPS 1992, 97% of administrators provide this information as a matter of good practice.

Of those, 91% reported 100% distribution by the nominal deadline of 31 August, with delay being caused in 6% of cases where the software was unable to calculate the benefits.

Both the FPS 2006 and FPS 2015 regulations require that DBS are provided to relevant parties. All administrators are compliant with this and 94% were able to issue 100% of statements in respect of both schemes by the assumed deadline. Any delays were again caused by software limitations.

1.4 Internal controls

Almost 50% of FRA respondents indicated that ABS delays were reported to the Local Pension Board (LPB), and 63% of administrators reported any delay to their FRA client. Most of the remaining responses indicated in relation to reporting ABS delays that it was not applicable (where there was no delay).

Where ABS were not provided by 31 August, 42% of FRAs and 49% of administrators recorded a breach of law and considered it for materiality.

One-third of FRAs subsequently reported a breach to the Pensions Regulator (TPR) and 43% of administrators. Reasons for non-reporting generally stated that the breach was not considered to be material.

1.5 Administration and resources

Just over 45% of administrators completing the survey use their own version of the ABS template, with a similar number (43%) using the standard template provided by the LGA. The remaining 11% chose to proceed with their system provider's version.

When asked whether certain deductions were shown on the statement, nearly 95% show Pension Sharing Order (PSO) debits, 91% show scheme pays deductions, but only 69% provide pension saving information as a percentage of annual allowance/ lifetime allowance used.

Almost three-quarters (74%) of administrator respondents confirmed that they have already implemented online self-service for scheme members to access ABS/ DBS. This is significantly higher than the FRA responses at just under one-half (48%). This discrepancy may have arisen as submissions were not received from and in respect of the same FRAs.

The timescales on planned implementation were also therefore skewed, with around 20% of FRAs indicating that they planned to do so within the next 12 months, but only 9% of administrators. A further 18% (3%) stated within two years. A longer timescale was anticipated by 3% in both surveys and the remainder had no plans or were not aware of any.

Only two software suppliers offer pension administration systems for the Firefighters' Pension Schemes. Over half (55%) of those who responded use Altair by Heywood, with the remaining 45% utilising the Universal Pension Management (UPM) system by Civica. Outsourcing accounted for 57% of printed ABS, with 43% printing in-house.

Over half (56%) of administrators spent three to six months on the ABS process from start to finish, and almost one-third (32%) indicated that it took less than one month. The remainder fell between one to three months. No additional resource was required by administrators to complete the exercise.

Generally, the quality of ABS resources provided by LGA, the timeliness of communications from LGA, and the ABS process overall, were rated as satisfactory by FRAs (average score of four and above). Administrators rated timeliness and overall process at 3.5. The results indicate that the timescales for providing information and the total process could be improved.

Key themes from FRAs relating to planned improvements for the 2020 cycle are improving software functionality, automating statements for FPS 2006 special members, and to work more closely with their administrator.

Administrators identified that the range and content of both ABS and DBS could be simplified, and that the introduction of online member self-service would improve the overall process.

Administrators did not offer any suggestions for where the Scheme Advisory Board (SAB) could add value. However, FRAs felt that the Board could most assist in facilitating improvements by ensuring timely communication of outcomes in the transitional protections remedy process, continuing to support LPBs and FRAs, and working proactively with software providers to encourage them to make required system changes.

2.Introduction

The introduction of the <u>Public Service Pensions Act 2013</u> saw the requirement for Annual Benefit Statements (ABS) to be issued to all active scheme members by 31 August. Since 2017, the Bluelight team have surveyed FRAs on the ABS process following the statutory deadline.

In the first year free Survey Monkey software was used, with limited success. The invitation was issued to 110 individuals across 44 English FRAs (excluding Isles of Scilly) and the survey ran from 4 October 2017 to 14 November 2017. During that time 26 total responses were received, which included three duplicate replies. Of the 26 survey responses, 15 were fully completed and 11 only partially completed by answering just the first question.

This understandably compromised the analysis of the results and was believed to be attributable to technical or user difficulties with the free software. A <u>summary of the 2017</u> survey findings was presented to the SAB at their meeting on 1 December 2017.

For 2018, the LPB Effectiveness Committee ("the Committee") agreed to commission a webbased survey to increase the numbers of questions allowed and give more flexibility to the response options. The survey was also extended to allow administrators of the scheme to submit responses, and multiple replies from FRAs were welcomed.

The ABS 2018 survey invitation was issued via FPS bulletin to all relevant stakeholders and was in the field from 28 September 2018 to 14 November 2018. During that time 42 total responses were received from 31 of the 47 FRAs in England and Wales.

The <u>ABS 2018 research report</u> was published in April 2019. While the extended survey allowed more detailed and meaningful analysis of the results, there were issues around the clarity and wording of the questions, particularly for measuring internal controls, and issuing the same question set to FRAs and administrators skewed the results in some areas.

In 2019, the Bluelight team procured a paid 12 month Survey Monkey plan to carry out a member survey on the effectiveness of scheme administration, which fed into the Aon <u>administration and benchmarking review</u>. The plan allowed unlimited surveys, questions, and responses, and let team members analyse, filter, and export results at any time.

The ABS 2019 survey was developed and hosted using the existing paid Survey Monkey plan, which allowed for separate FRA and administrator surveys and avoided incurring additional expenditure.

3. Methodology

The survey was designed by the SAB secretariat in conjunction with the Committee. The question set was revised to take account of feedback and learning from previous years. The survey questions can be found at Annex A (FRA) and Annex B (administrator).

The survey was launched in <u>FPS Bulletin 26 – November 2019</u>, with a covering email explaining that there were different versions for FRAs and administrators to complete and inviting one reply from each FRA and one per FRA from administrators. The initial deadline was stated as 10 January 2020.

To ease the burden on administrators with multiple clients, a third, shorter version of the survey was provided, with the intention that they complete a full survey for the first FRA and the reduced version for each subsequent submission.

A reminder was issued in <u>FPS Bulletin 27 – December 2019</u> confirming that the closing date had been brought forward to 6 January 2020, as the paid Survey Monkey plan expired on this date.

The survey was also held on the <u>Scheme Advisory Board website</u> for the duration of the collection period.

3.1 Fieldwork

The survey was issued on 29 November 2019 with a closing date of 10 January 2020. The reminder issued on 23 December 2019 amended the deadline to 6 January 2020.

During that time 33 FRA and 36 administrator responses were received in respect of the 45 FRAs in England, equating to an overall response rate of 73% and 80% respectively. Two of the three FRAs in Wales also responded, although their submissions have not been included in this analysis.

The information collected has been aggregated and no responses have been attributed to individual authorities within this report. A list of respondents is attached at Annex C.

It is important to note that replies were not received from and in respect of the same FRAs, therefore the results often do not correlate for the same question asked of both parties.

Throughout the report percentages in figures and tables may equate to more or less than 100 per cent due to rounding.

3.2 FRA respondent profile

Over one-third (36%) of submissions were completed by FRA pension practitioners and a further third (36%) by the scheme manager. LPB representatives made up the remaining quarter (27%).

Role	Total (Percentage)
FRA pension practitioner	36.36
Scheme manager	36.36
Local pension board representative	27.27

Table 3.1 - Capacity in which survey completed

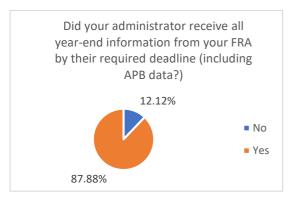
4. Research findings

4.1 Data submission

Before ABS can be produced, year-end data must be provided by the FRA to the administrator. There are checks that the administrator will need to carry out to validate this data and ensure it is as accurate as possible. Data can then be loaded into the system to initially generate the CARE element for FPS 2015 members, before further checks are carried out. Statements will finally be run, firstly in provisional and then in actual modes, prior to printing and distribution.

Due to these processes, administrators will set deadlines for receipt of year-end information.

Almost 90% of both employers and administrators indicated that all year-end information was submitted by the deadline required, including Continual Professional Development (CPD) and Additional Pension Benefit (APB) data where relevant. This is an improvement from just under three-quarters (74%) in 2018, noting that this was a combined response from FRAs and administrators, and included multiple responses from the same organisations.



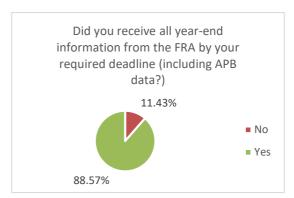


Figure 4.1 - Proportion of FRAs submitting all year-end information to their administrator by the required deadline (including CPD data).

Administrators were asked what percentage of data was returned to the employer to query. Almost half (48%) returned under 5% of data, and a further quarter returned between 5-10% where the salary or other information appeared to be incorrect.

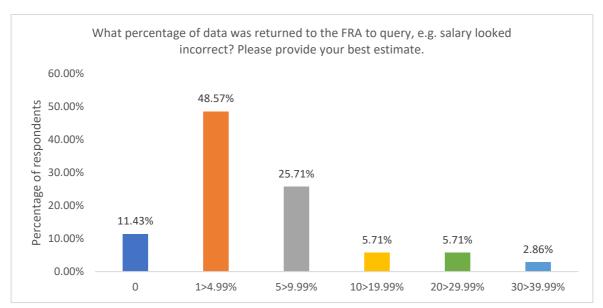
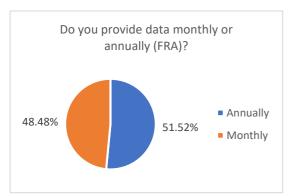


Figure 4.2 – Percentage of data returned to the employer to query.

The Committee recommended in last year's report that migration to monthly postings would improve the efficiency and quality of data collection for the ABS process. In order to monitor progress, respondents were asked for the first time this year whether data was submitted to the administrator on a monthly or annual basis.

There was an even split between both options for both categories of respondent.

This may be reflective of comments made in last year's survey which stated that a planned improvement was the implementation or streamlining of monthly pay and contributions postings.



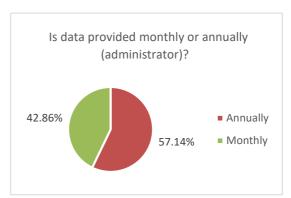
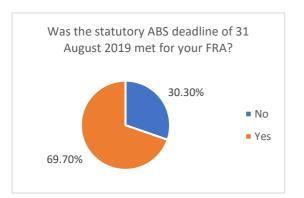


Figure 4.3 – Comparison of monthly to annual data submission to the administrator.

4.2 Meeting the deadline

There was some discrepancy in the responses to meeting the statutory deadline of 31 August for active members. Almost all administrators (97%) confirmed that the deadline had been met, compared with only 70% of FRAs. Taking the administrator response rate, this is a 2 point improvement on the percentage of those achieving the deadline in 2018 (95%).



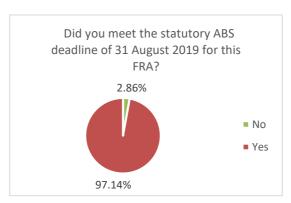
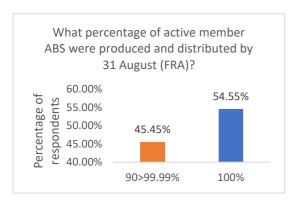


Figure 4.3 – Proportion of respondents meeting the statutory ABS deadline of 31 August 2019.

Respondents were asked to specify what percentage of active member ABS were produced and distributed by 31 August 2019.

The variance in meeting the deadline appears to be due to the tolerance level as just over half of respondents in both categories reported that 100% of statements were produced and distributed by that date. The majority (100% FRAs and 94% administrators) achieved a 90% or better rate of distribution; 6% of administrators indicated 80>89%.



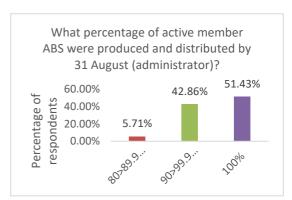


Figure 4.4 – Percentage of active member ABS produced and distributed by 31 August.

Where it was not possible to distribute all statements by the deadline, a pre-populated drop down list was provided in order to establish whether any groups of members were particularly affected and what the main cause of the delay was. The response options are shown under Annex A and B. The "don't know" option was largely removed from the administrator survey drop down lists, as it was felt that they should have access to this information.

The only particular group that appeared to be affected were those that fell into the "special members category, as reported by almost two-thirds (63%) of FRAs and 40% of administrators.

Special members are retained firefighters who have been granted access to the Firefighters' Pension Scheme 2006 (FPS 2006) with special provisions which broadly reflect the rules of the Firefighters' Pension Scheme 1992 (FPS 1992). This follows the introduction of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and a subsequent court case which deemed that retained firefighters should receive equal treatment with full-time regular firefighters. This category of member is commonly held to be complex to administrate.

The remaining respondents (36% FRA and 60% administrators) either felt that there was no pattern of affected members or, more likely, fell within the 100% bracket in Figure 4.4.

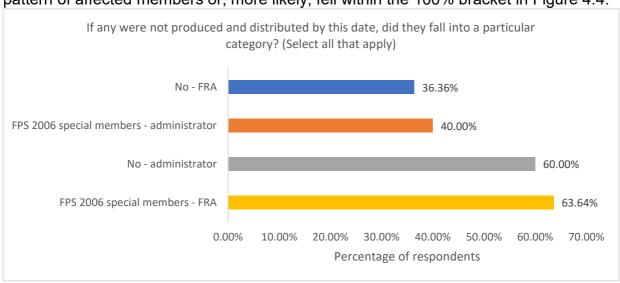


Figure 4.5 – Proportion of members falling into one or more category.

Excluding N/A responses, of the options provided the most common cause of delay was software unable to calculate benefits, in one-third to one-half of cases. This is reflective of most of the cases falling under the special member category above.

Around 3% cited late submission/ receipt of data, and 6% of FRAs cited other reasons, which were broadly categorised as data issues and included technical issues for divorce cases and data issues requiring further investigation, and data migration following a change in administration.

In the 2018 survey, the most frequently occurring responses were issues with software and a variety of data related reasons.

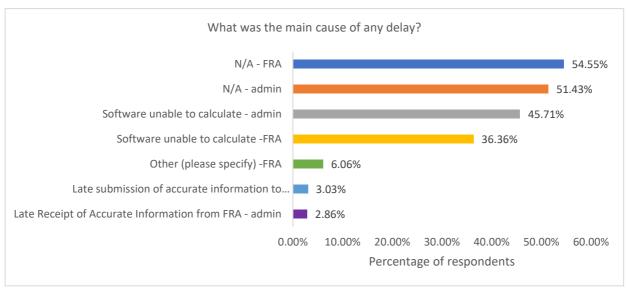


Figure 4.6 - Primary reason for any delay - ABS.

4.3 Deferred members

The questionnaire proceeded to ask employers and administrators what arrangements are in place for members leaving service without an immediate entitlement to benefits. Under the regulations, there is a statutory requirement for deferred members of the FPS 2006¹ and the Firefighters' Pension Scheme 2015² (FPS 2015) to be sent a deferred benefit statement (DBS). No such provision exists in the FPS 1992; however, it is considered good practice to provide one under disclosure of information.

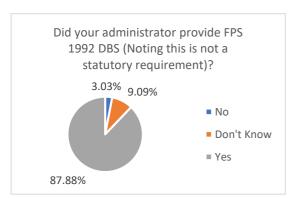
Unlike active member ABS, there is no statutory deadline for DBS. Therefore, for the purposes of this survey, we have assumed the same deadline of 31 August.

Despite there being no statutory requirement, 97% of administrators provide DBS to former members of the FPS 1992 as a matter of good practice.

Only one FRA does not supply this information, and the remaining 9% were unsure. The total positive and "don't know" responses roughly correspond with the administrator outcome.

¹ http://www.legislation.gov.uk/uksi/2006/3432/schedule/1/part/15/paragraph/4/made

² http://www.legislation.gov.uk/uksi/2014/2848/regulation/183/made



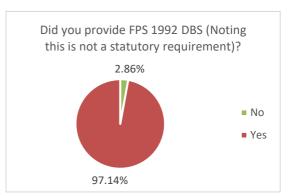
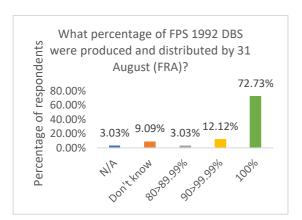


Figure 4.7 – Proportion of respondents providing FPS 1992 DBS.

Of the 97% of administrators that provide DBS, 91% reported 100% distribution by the nominal deadline of 31 August and 6% achieved between 90 to 99.99%.

The category displayed as 0% in Figure 4.8 corresponds with the respondent who answered "no" to the previous question. The "N/A" and "don't know" FRA responses below correspond with the FRA submissions in Figure 4.7.



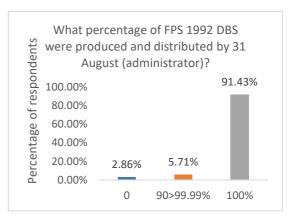
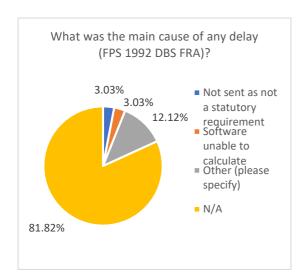


Figure 4.8 – Percentage of FPS 1992 DBS produced and distributed by 31 August.

As such a high proportion of DBS were produced and distributed by 31 August, the subsequent question regarding the cause of any delay to timescale was largely obsolete.

Administrators stated that delay was caused in 6% of cases where the software was unable to calculate the benefits. Three percent of FRAs agreed that the software had caused problems, but 12% stated the reason as "other". This encompassed data issues and benefits waiting to be claimed. One respondent in both categories did not send statements as it is not a statutory requirement.



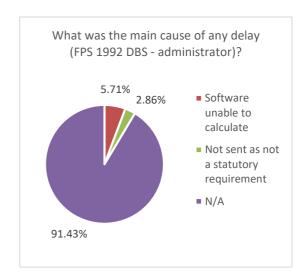
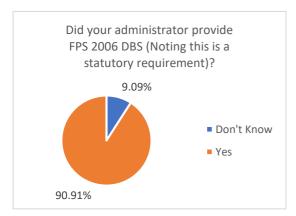


Figure 4.9 – Primary reason for any delay – FPS 1992 DBS.

All administrators are compliant with the legislative requirement to send statements to deferred members of FPS 2006. The majority (91%) of FRA respondents also comply, with 9% indicating that they did not know.



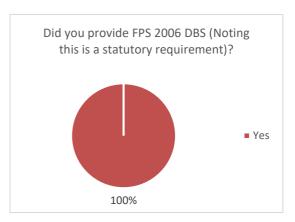
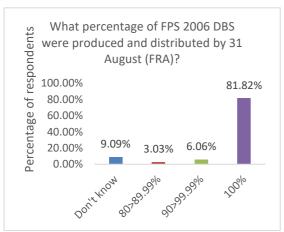


Figure 4.10 – Proportion of respondents providing FPS 2006 DBS.

While all administrators providing information were able to send over 90% of statements by the assumed deadline, 95% of those respondents achieved 100% of DBS produced and distributed by 31 August for former members of the FPS 2006. The FRA results were broadly similar.



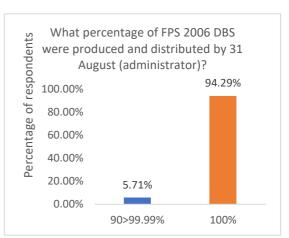
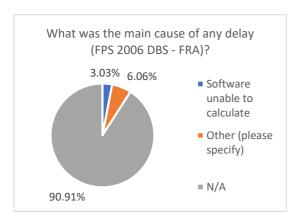


Figure 4.11 – Percentage of FPS 2006 DBS produced and distributed by 31 August.

In relation to the primary reason for any delay, the highest proportion (up to 95% across both surveys) was "N/A" as expected in line with the previous question. Software limitations again accounted for a small percentage of responses. Free text replies submitted under the "other" option within the drop down list included data migration following a change in administration, with one FRA reporting that the member had gone away.



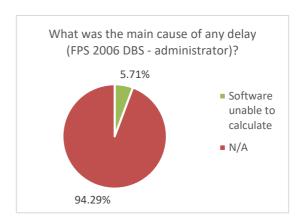
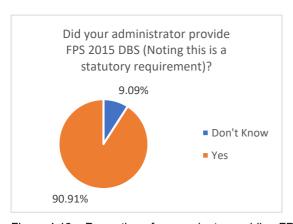


Figure 4.12 – Primary reason for any delay – FPS 2006 DBS.

The response for the number of those sending DBS in respect of the FPS 2015 mirrored the response for the same question of the FPS 2006, with 100% of administrators and 91% of FRAs producing statements and the same 9% who were unsure.



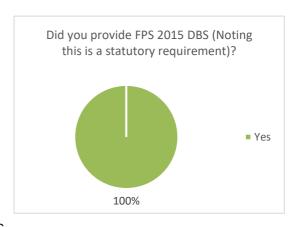


Figure 4.13 – Proportion of respondents providing FPS 2015 DBS.

All administrators sending DBS to deferred FPS 2015 members were again able to produce and distribute over 90% of statements by the 31 August. FRAs reported a slightly lower ratio realising a full 100% than for the FPS 2006, at 79%. There was a corresponding increase in the 90-99.99% category; otherwise the results are identical.

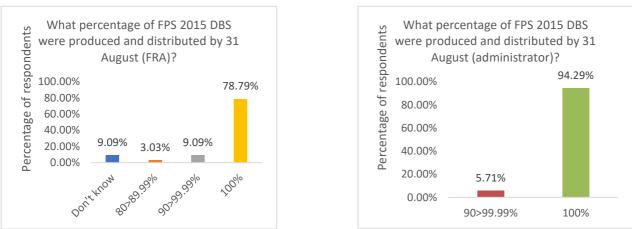
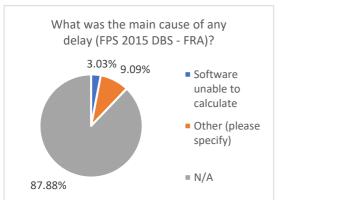


Figure 4.14 – Percentage of FPS 2015 DBS produced and distributed by 31 August.

One additional FRA reported a delay in issuing FPS 2015 DBS, with the reason indicated as application of pensions increase to the statement (under "other"). Other outcomes are the same.



What was the main cause of any delay (FPS 2015 DBS - administrator)?

5.71%

Software unable to calculate

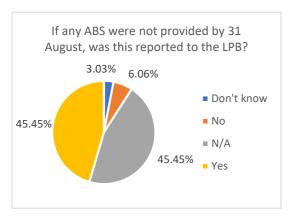
N/A

Figure 4.15 – Primary reason for any delay – FPS 2006 DBS.

4.4 Internal controls

Employer stakeholders were asked whether any ABS not provided by 31 August were reported to their LPB. Administrator stakeholders were asked whether they reported any failure to meet the deadline to their FRA client.

Almost half (45%) of FRA respondents indicated that ABS delays were reported to the LPB, with a further half (45%) indicating that it was not applicable. Around two-thirds (63%) of administrators reported any delay to their FRA client. A higher "N/A" return than the one-third (37%) stated would have been expected in relation to this category. However, this may indicate that performance was reported to the FRA whether there was a delay or not.



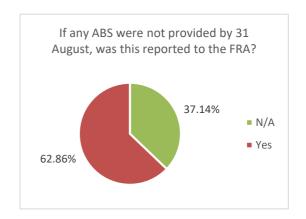
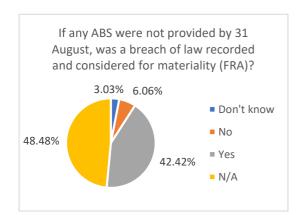


Figure 4.16 – Reporting of delayed ABS to LPB/ FRA.

Where ABS were not provided by 31 August, 42% of FRAs and 49% of administrators recorded a breach of law and considered it for materiality.

When considering whether a material breach has occurred, individuals should take into account how the error came about, what action was taken to resolve it, and whether similar errors of this nature have occurred previously. The effect of an error might be minor as a single event but could be major if it occurs frequently or processes/ work flows are flawed. A breach assessment template is available from www.fpsboard.org to record the decision making process.

While the "don't know" and "no" response categories correspond with the FRA results at Figure 4.16, and "N/A" for administrators, there is some discrepancy between the figures which may warrant further investigation.



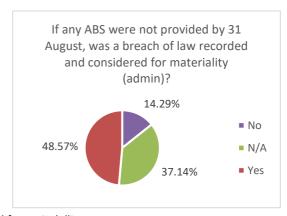
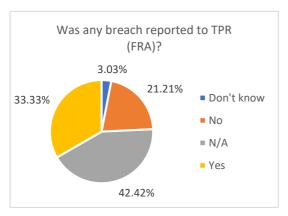


Figure 4.17 – Proportion of ABS breaches recorded and assessed for materiality.

Only one-third of FRAs subsequently reported a breach to TPR and just under half (43%) of administrators. However, this is a considerable increase on last year's survey which indicated that no breaches were reported.

In an improvement to the 2018 survey, a further question was added to establish reasons for non-recording or reporting. Generally, both FRAs and administrators stated that the breach was not considered to be material. Several administrators replied in relation to DBS that members had reached their Normal Pension Age (NPA) and were awaiting payment of the benefit. A full list of the open text responses can be viewed at <u>Annex D.</u>



Did you report any breach to TPR (administrator)?

22.86%

No
N/A
Yes

34.29%

Figure 4.18 – Proportion of breaches reported to TPR.

4.5 Administration and resources

Several questions in this chapter were addressed to administrators only. Where FRAs were also asked to provide a response, this has been clearly indicated.

Each year the SAB secretariat issues a revised <u>ABS template with explanatory notes</u>. In 2018, the example calculations were brought up to date, and the document was assessed at cost by the Plain English Campaign and awarded a Crystal Mark.

In order to gain insight on the value of providing a standard document, respondents were asked which template was used, as administrators may prefer to use an alternative format.

Just over 45% of administrators completing the survey use their own version of the ABS template, with a similar number (43%) using the standard template provided by the LGA. The remaining 11% chose to proceed with their system provider's version.

Through changes to the question set this year, it can be evidenced that there is value in providing a standard template as the document is used in just under half of cases.

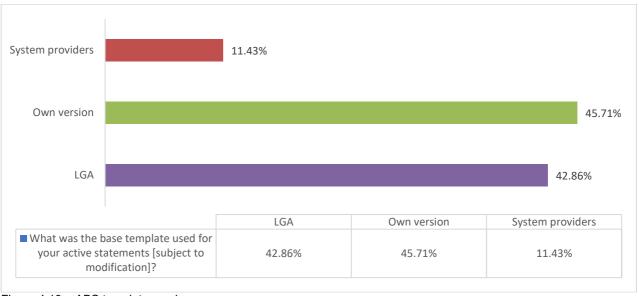


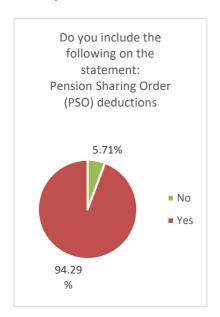
Figure 4.19 – ABS template used.

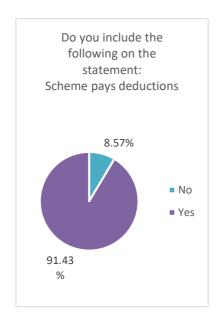
Participants were then asked to confirm whether certain deductions are shown on the ABS.

Almost all administrators (95%) include Pension Sharing Order (PSO) debits where a percentage of the member's benefit has been awarded to their ex-spouse as part of a divorce settlement.

Nine in ten (91%) respondents show scheme pays deductions. These deductions are made when a tax charge has been paid by the scheme on the member's behalf during their employment.

Less than three-quarters (69%) provide pension saving information as a percentage of annual allowance/ lifetime allowance in case this is required by members to assess their total tax liability.





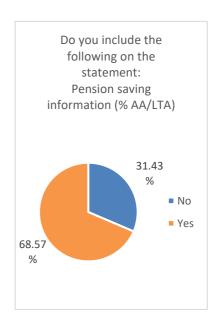


Figure 4.20 – Pension deductions shown on the ABS.

With the forthcoming introduction of pensions dashboards, expectations for digital solutions and instant online access to benefit information are going to increase. Both FRAs and administrators were asked to quantify the online functionality members are currently offered.

Almost three-quarters (74%) of administrator respondents confirmed that they have already implemented online self-service for scheme members to access ABS/ DBS. This is significantly higher than the FRA responses at just under one-half (48%). This discrepancy may have arisen as submissions were not received from and in respect of the same FRAs or may indicate a lack of awareness.

The timescales on planned implementation were also therefore skewed, with around 20% of FRAs indicating that they planned to do so within the next 12 months, but only 9% of administrators. A further 18% (3%) stated within two years. A longer timescale was anticipated by 3% in both surveys and the remainder had no plans or were not aware of any. It would be interesting to find out why this is the case.

The results are broadly comparable with the 2018 survey, which either indicates that there has been no development in this area, or last year's results were over-stated.

It is beyond the scope of this survey to establish whether online functionality has been extended for members to carry out other self-service tasks such as running projections or amending their personal details.

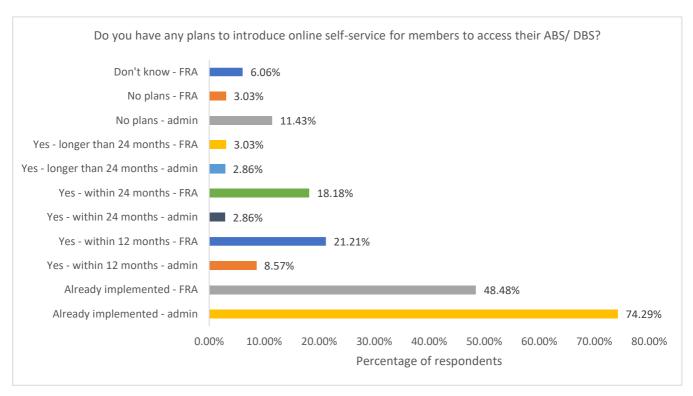


Figure 4.21 – Implementation of online member self-service.

Only two software suppliers offer pension administration systems for the Firefighters' Pension Schemes. Over half (55%) of the administrators who responded use Altair by Heywood, with the remaining 45% utilising the Universal Pension Management (UPM) system by Civica.

The most common method of printing ABS was to outsource, at 57%, with the remainder (43%) printing in-house. This trend continues from the 2018 results, although the split was more pronounced in that year and a high proportion of respondents were unsure how statements were printed. Excluding FRAs from this question has refined the results.

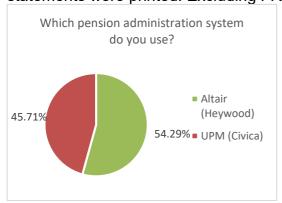


Figure 4.22 – Pension administration system used.

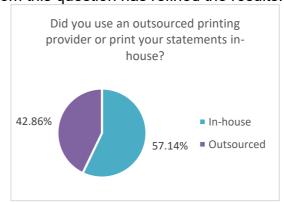


Figure 4.21 – Method of printing ABS.

A list of timescale parameters was provided for administrators to choose from to give an estimate of time spent on the ABS process. This is an improvement to last year's question set which included a free test box for responses. The varying format and content of replies made the data difficult to collate and evaluate. However, the most common response (31%) in 2018 was three months.

This year over half (56%) of administrators spent three to six months on the ABS process from start to finish, and almost one-third (32%) indicated that it took less than one month. The remainder fell between one to three months.

The time taken to complete the process was cross-referenced against the frequency of data submission i.e. monthly or annually. There was no discernible pattern. Of the 11 responses in this category, four administrators receive data on a monthly basis and seven receive data at year-end. Seven replies were from the same administrator but, again, frequency varied by client. Of those receiving data annually, one FRA has a small number of members and one is administered in-house, which may account for the short timescale.

No additional resource was required by administrators this year to complete the exercise.

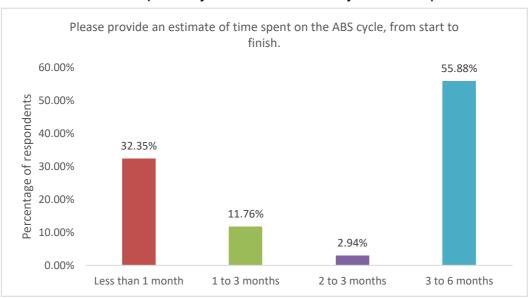


Figure 4.22 – Time spent on the 2019 ABS cycle.

Stakeholders were asked to evaluate their satisfaction with: the quality of ABS resources provided by LGA, the timeliness of communications from LGA, and the ABS process overall, using a 1-5 scale (where 1 was 'very dissatisfied' and 5 was 'highly satisfied').

While all categories rate towards the higher end of the scale, with a mean score of 4 or above in each category from FRAs, the results show room for improvement in the timescales for providing information and the process as a whole.

There was a decrease in scores across the board, and the average ratings suggest that while the resources provided are high quality, they need to be provided sooner in the process.

In particular, administrators gave a lower score for timeliness and overall process, as the standard documentation was released later than anticipated.

Process	Rating (mean value) – FRA	Rating (mean value) – admin
Quality of ABS resources provided by LGA	4.3	4.2
Timeliness of communications from LGA	4.4	3.4
ABS process overall	4.2	3.5

Table 4.1 – Evaluation of satisfaction with... – mean ratings.

Finally, respondents were asked to describe any plans for improvement to the ABS process next year, and comment on any action the SAB could take to facilitate those improvements.

This was captured verbatim and full details of the responses are attached at Annex E and Annex F respectively. The following key themes were identified and have been summarised below.

Administrator responses have been collated to remove duplicates.

Improved software functionality	
Automated production of statements for FPS 2006 special members	
FRA to work more closely with administrator	
Simplification of ABS/ DBS templates	
Introduction of online member self-service	

Table 4.2 – Key themes relating to plans to improve the ABS process in 2020.

Only four responses were received to the question of the SAB supporting improvements to the process and these all from FRAs. A selection of the comments are noted below.

Advance notification of changes needed for transitional protections remedy	
Work more proactively with software providers to encourage them to make required changes	
Continue to support LPBs and simplify processes to address FRA workloads	

Table 4.3 – Comments relating SAB support to facilitate improvements.

5. Recommendations

The Committee would like to thank all those that were able to submit a response for their participation in the survey, and for continuing to support the work of the SAB. The Committee were pleased to note as increased response rate from the 2018 survey.

While there were several FRAs whose administrator did not respond and vice-versa, the Committee noted particular concern where neither party had submitted a response, as a potential indicator of poor internal controls and lack of communication. The SAB will consider whether any action could be taken to encourage engagement with requests for information, such as building provision into a Service Level Agreement (SLA).

5.1 Data submission

The Committee consider that migration to monthly posting of pay and contributions would expedite the collection of required data for the ABS process following year-end, allowing validation and data cleansing to take place on a monthly basis and queries to be addressed in real time.

Around half of those responding utilise monthly returns, so this is evidently high on administrators' agendas and functionality does already exist within pension administration software.

Communication between the employer and administrator is key. Deadlines and format for receipt of data should be clearly stated, along with any procedures the administrator has in place for data collection and validation.

Publication of a template pensions administration strategy is planned, which will formalise expectations in this area.

5.2 Meeting the deadline

Almost all administrators were able to meet their statutory requirements. However, special members of the FPS 2006 continue to present a problem, with software capability in some cases unfit for purpose. The Committee encourage software providers to ensure that functionality exists within their programmes to carry out the complex calculations that this category of member demands. While understandably this comes at a cost, the cost must be offset against the value of being able to supply timely and accurate benefit information to all members.

Boards may wish to consider adding this as a specific element to their risk register to ensure mitigation processes can be put in place.

Data conversion can be an issue for those FRAs entering into new administration contracts. The Committee recommend that timescales are considered when tendering for a new administration provider and ensure all ABS related processes are built into a robust SLA.

5.3 Deferred members

An encouraging number of administrators provide DBS to deferred members of all schemes.

Where delay in distribution has been caused by software limitations, this correlates to the statement above concerning functionality to provide complex calculations and the same recommendation will apply.

5.4 Internal controls

To facilitate a good understanding of the ABS cycle, it is recommended that the outcome of the exercise is reported annually to the LPB, whether any delay or breach has occurred or not.

In instances where it is unclear whether a reportable material breach has taken place, authorities should complete the <u>breach assessment template</u>. Stakeholders are reminded that any person involved with a scheme (excluding members) has a duty to report an identified breach.

Suggested good practice for reporting standards will be included in the template pension administration strategy

Tracing services can be utilised for members who are no longer resident at their last known address.

5.5 Administration and resources

It would not be appropriate for the Committee to make recommendations on the mechanics of the ABS process, such as software and printing solutions, as this is clearly a commercial decision for administrators. Therefore, the recommendations in this section reflect actions that the SAB and secretariat can take.

The SAB secretariat will continue to provide a revised standard template annually and in good time. The sample calculations will be updated every two years and resubmission to the Plain English campaign considered if there have been substantial material changes to content. Statement annexes will be added to the member-area of www.fpsregs.org to be used as standalone documents as required.

Further thought will be given to improving the flow of data between employers and administrators and simplifying the information that is provided to members. The Fire Communications Working Group (FCWG) have an outstanding action to produce a standard DBS template.

The Committee and the wider SAB will continue to champion the use of online technology to provide statements to members, with the facility for individuals to carry out further calculations. This is a priority given likely future changes to the FPS and both administrators and FRAs have demonstrated a solid commitment to the provision of member self-service.

The outcome of the administration and management benchmarking review will be considered in conjunction with this report to establish whether further improvements can be suggested.

Annex A: Survey questions – FRA

1	In what capacity are you completing the survey?	Scheme manager
		FRA pension practitioner
		Local Pension Board representative
		Other (please specify)
2	Which FRA are you completing the survey in relation to?	Drop down FRA list
3	Did your administrator receive all year-end information from your FRA by their required deadline (including APB data?)	YES/NO/DON'T KNOW
4	Do you provide data monthly or annually?	MONTHLY/ANNUALLY
5	Was the statutory ABS deadline of 31 August 2019 met for your FRA?	YES/NO/DON'T KNOW
6	What percentage of active member ABS were produced and distributed by 31 August?	%
7	If any were not produced and distributed by this date, did they fall into a particular category? (Select all that apply)	No
		FPS 2006 special members
		Standard retained
		FPS 1992
		FPS 2006
		FPS 2015
		High earners (AA/ LTA)
		Don't know
8	What was the main cause of any delay?	LATE SUBMISSION OF ACCURATE INFORMATION TO ADMINISTRATOR
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		DON'T KNOW
		N/A

9	Did your administrator provide FPS 1992 DBS (Noting this is not a statutory requirement)?	YES/NO/DON'T KNOW
10	What percentage of FPS 1992 DBS were produced and distributed by 31 August?	%
11		NOT SENT AS NOT A STATUTORY REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		DON'T KNOW
		N/A
12	Did your administrator provide FPS 2006 DBS (Noting this is a statutory requirement)?	YES/NO/DON'T KNOW
13	What percentage of FPS 2006 DBS were produced and distributed by 31 August?	%
14	What was the main cause of any delay?	UNAWARE OF REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		DON'T KNOW
		N/A
15		YES/NO/DON'T KNOW
16	What percentage of FPS 2015 DBS were produced and distributed by 31 August?	%
17	What was the main cause of any delay?	UNAWARE OF REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		DON'T KNOW
		N/A

18	If any ABS were not provided by 31 August, was this reported to your Local Pension Board?	YES/NO/DON'T KNOW/N/A
19	If any ABS were not provided by 31 August, was a breach of law recorded and considered for materiality?	YES/NO/DON'T KNOW/N/A
20	Was any breach reported to The Pensions Regulator?	YES/NO/DON'T KNOW/N/A
21	Please explain why any breach was not recorded/ reported, if applicable.	Open-Ended Response
22	Do you have any plans to introduce online self-service for members to access their ABS/DBS?	ALREADY IMPLEMENTED
		YES - WITHIN 12 MONTHS
		YES - WITHIN 24 MONTHS
		YES - LONGER THAN 24 MONTHS
		NO PLANS
23	On a scale of 1 to 5, with 1 being very dissatisfied and 5 being highly satisfied, please rate your satisfaction with:	the quality of ABS resources provided by LGA
		the timeliness of communications from LGA
		the ABS process overall
24	What, if anything, do you plan to do differently next year to improve the ABS process?	Open-Ended Response
25	Is there anything the Scheme Advisory Board could do facilitate improvements to the ABS process?	Open-Ended Response

Annex B: Survey questions – administrator

1	Name of administrator	Drop down administrator list
2	Which FRA are you completing the survey in relation to?	Drop down FRA list
3	Did you receive all year-end information from the FRA by your required deadline (including APB data?)	YES/NO
4	What percentage of data was returned to the FRA to query, e.g. salary looked incorrect? Please provide your best estimate.	%
5	Is data provided monthly or annually?	MONTHLY/ANNUALLY
6	Did you meet the statutory ABS deadline of 31 August 2019 for this FRA?	YES/NO
7	What percentage of active member ABS were produced and distributed by 31 August?	%
8	If any were not produced and distributed by this date, did they fall into a particular category? (Select all that apply)	No
		FPS 2006 special members
		Standard retained
		FPS 1992
		FPS 2006
		FPS 2015
		High earners (AA/ LTA)
9	What was the main cause of any delay?	LATE SUBMISSION OF ACCURATE INFORMATION TO ADMINISTRATOR
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		N/A
10	Do you include the following on the statement:	Pension saving information (% AA/LTA)
		Pension Sharing Order (PSO) deductions

		Scheme pays deductions
11	Did you provide FPS 1992 DBS (Noting this is not a statutory requirement)?	YES/NO
12	What percentage of FPS 1992 DBS were produced and distributed by 31 August?	%
13	What was the main cause of any delay?	NOT SENT AS NOT A STATUTORY REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		N/A
14	Did you provide FPS 2006 DBS (Noting this is a statutory requirement)?	YES/NO
15	What percentage of FPS 2006 DBS were produced and distributed by 31 August?	%
16	What was the main cause of any delay?	UNAWARE OF REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		N/A
17	, , , , , , , , , , , , , , , , , , , ,	YES/NO
18		%
19	What was the main cause of any delay?	UNAWARE OF REQUIREMENT
		SOFTWARE UNABLE TO CALCULATE
		PRINTING ISSUES
		LACK OF RESOURCE
		POSTAGE DELAY
		OTHER - PLEASE SPECIFY
		N/A
20		YES/NO/N/A
21	If any ABS were not provided by 31 August, did you record a breach of law and consider it for materiality?	YES/NO/N/A

22	Did you report any breach to The Pensions Regulator?	YES/NO/N/A
23	Please explain why any breach was not recorded/ reported, if applicable.	Open-Ended Response
24	What was the base template used for your active statements [subject to modification]?	SYSTEM PROVIDERS/OWN VERSION/LGA
25	Do you have any plans to introduce online self-service for members to access their ABS/DBS?	ALREADY IMPLEMENTED
		YES - WITHIN 12 MONTHS
		YES - WITHIN 24 MONTHS
		YES - LONGER THAN 24 MONTHS
		NO PLANS
26	Which pension administration system do you use?	ALTAIR (AQUILA HEYWOOD)
		UPM (CIVICA)
27	Did you use an outsourced printing provider or print your statements in-house?	OUTSOURCED/IN-HOUSE
28	Please provide an estimate of time spent on the ABS cycle, from start to finish.	LESS THAN 1 MONTH
		1 TO 3 MONTHS
		3 TO 6 MONTHS
		6 TO 9 MONTHS
		LONGER THAN 9 MONTHS
29	If any additional resource was required, please list it here:	Open-Ended Response
30	On a scale of 1 to 5, with 1 being very dissatisfied and 5 being highly satisfied, please rate your satisfaction with:	the quality of ABS resources provided by LGA
		the timeliness of communications from LGA
		the ABS process overall
31	What, if anything, do you plan to do differently next year to improve the ABS process?	Open-Ended Response
32	Is there anything the Scheme Advisory Board could do facilitate improvements to the ABS process?	Open-Ended Response

Annex C: Respondents

•	FRA	Admin
Avon Fire and Rescue Service		
Bedfordshire Fire and Rescue Service	Bedfordshire Fire and Rescue Service	Local Pensions Partnership (LPP)
Buckinghamshire and Milton Keynes Fire and Rescue Service	Buckinghamshire and Milton Keynes Fire and Rescue Service	West Yorkshire Pension Fund
Cambridgeshire Fire and Rescue Service		LGSS
Cheshire Fire and Rescue Service	Cheshire Fire and Rescue Service	
Cleveland Fire Brigade	Cleveland Fire Brigade	
Cornwall Fire and Rescue Service	Cornwall Fire and Rescue Service	Cornwall County Council
County Durham and Darlington Fire and Rescue Service	County Durham and Darlington Fire and Rescue Service	·
Cumbria Fire and Rescue Service	Cumbria Fire and Rescue Service	Local Pensions Partnership (LPP)
Derbyshire Fire and Rescue Service		Leicestershire County Council
Devon and Somerset Fire and Rescue Service	Devon and Somerset Fire and Rescue Service	West Yorkshire Pension Fund
Dorset and Wiltshire Fire and Rescue Service	Dorset and Wiltshire Fire and Rescue Service	West Yorkshire Pension Fund
East Sussex Fire and Rescue Service	East Sussex Fire and Rescue Service	
Essex County Fire and Rescue Service	Essex County Fire and Rescue Service	
Gloucestershire Fire and Rescue Service		
Greater Manchester Fire and Rescue Service	Greater Manchester Fire and Rescue Service	Greater Manchester Fire and Rescue Service
Hampshire Fire and Rescue Service	Hampshire Fire and Rescue Service	Hampshire County Council
Hereford and Worcester Fire and Rescue Service	Hereford and Worcester Fire and Rescue Service	West Yorkshire Pension Fund
Hertfordshire Fire and Rescue Service	Hertfordshire Fire and Rescue Service	Local Pensions Partnership (LPP)
Humberside Fire and Rescue Service	Humberside Fire and Rescue Service	West Yorkshire Pension Fund
Isle of Wight Fire and Rescue Service	Isle of Wight Fire and Rescue Service	Isle of Wight Council
Isles of Scilly Fire and Rescue Service		Cornwall County Council
Kent Fire and Rescue Service		Local Pensions Partnership (LPP)
Lancashire Fire and Rescue Service		Local Pensions Partnership (LPP)
Leicestershire Fire and Rescue Service		Leicestershire County Council
Lincolnshire Fire and Rescue	Lincolnshire Fire and Rescue	West Yorkshire Pension Fund
London Fire Brigade		Local Pensions Partnership (LPP)
Merseyside Fire and Rescue Service	Merseyside Fire and Rescue Service	Local Pensions Partnership (LPP)
Norfolk Fire and Rescue Service	Norfolk Fire and Rescue Service	West Yorkshire Pension Fund
North Yorkshire Fire and Rescue Service	North Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund
Northamptonshire Fire and Rescue Service	Northamptonshire Fire and Rescue Service	LGSS
Northumberland Fire and Rescue Service	Northumberland Fire and Rescue Service	West Yorkshire Pension Fund

	FRA	Admin
Nottinghamshire Fire and Rescue Service	Nottinghamshire Fire and Rescue Service	Leicestershire County Council
Oxfordshire Fire and Rescue Service	Oxfordshire Fire and Rescue Service	Oxfordshire County Council
Royal Berkshire Fire and Rescue Service	Royal Berkshire Fire and Rescue Service	West Yorkshire Pension Fund
Shropshire Fire and Rescue Service	Shropshire Fire and Rescue Service	Shropshire County Council
South Yorkshire Fire and Rescue Service	South Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund
Staffordshire Fire and Rescue Service		West Yorkshire Pension Fund
Suffolk Fire and Rescue Service	Suffolk Fire and Rescue Service	Suffolk County Council
Surrey Fire and Rescue Service		
Tyne and Wear Fire and Rescue Service	Tyne and Wear Fire and Rescue Service	West Yorkshire Pension Fund
Warwickshire Fire and Rescue Service		
West Midlands Fire Service	West Midlands Fire Service	West Midlands Fire Service
West Sussex Fire and Rescue Service	West Sussex Fire and Rescue Service	Hampshire County Council
West Yorkshire Fire and Rescue Service	West Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund

Annex D: Please explain why any breach was not recorded/ reported, if applicable.

FRA responses:

2% of statements not produced equated to less than 10 statements. We did not consider this to be material enough to be reportable.

We had undergone a data cleanse exercise prior to the deferred benefit statements being sent out. The ones that weren't sent out in time with the deadline were ones which were returned as addressee gone away. We decided that if we sent them out anyway then we would have been breaching GDPR.

Not a material breach. Affected 30 RDS 2006 Modified Scheme Members. Due to lack of national calculations from Civica, Administrator manually calculated and completed by 31 October 2019.

Recorded on internal breach log but not deemed to be of material significance so was not reported to the Pensions Regulator

We did report it but they have agreed no action

Not Material

Administrator responses:

Recorded on internal breach log but not deemed to be of material significance so was not reported to the Pensions Regulator

Recorded on internal breach log but not deemed to be of material significance so was not reported to the Pensions Regulator

Only DBS for 92 scheme weren't issued for 1 member who was past NPA and we were awaiting his forms to claim payment.

3 members past their NPA - waiting for them claiming their pension(from deferred) as with all our other FRA's

2 members past their NPA - Waiting on them completing forms and claiming their pensions.

1 member in 92 DBS not issued as member past NPA and we were waiting on forms to claim pension.

1992 deferred members past their NPA - we were waiting on them claiming payment. So had received notification of value of benefits already.

Annex E: What, if anything, do you plan to do differently next year to improve the ABS process?

FRA responses:

A number of steps have already been put in place over the past 4 years to ensure all active members are captured, data is submitted on time and data cleansing has been completed. The only issues this year relate to technical issues with the pension administration software, so the only remaining controls that can be put in place relate to improvements to the software configuration.

We have moved to a new administrator since the ABS were produced and believe this should improve the process.

Further enhance our working relationship with our pensions Administrator - Local Pension Partnership (LPP) and continue to work with LPP to try to improve the information available in the ABS

Seek to improve the production of the modified pension

Administrator is improving softwear to remedy the issue this year and monthly returns are being submitted so no delays foreseen

To ensure that payroll submit the correct Whole Time Equivalent Pensionable Pay (WTE) [used for any final salary element of retirement benefits] and CARE Total Pensionable pay (CARE) to the pensions team

An audit of addresses before issuing

make small improvements to the annual return

ensure modified statements are produced automatically with minimal manual intervention

Review contract with the Administrator, particularly reasons why small proportion of ABS were delayed to prevent happening again, Ensure substantive job titles continue to be used, despite temporary promotions salary figures used, and that this is explained

We have moved onto monthly postings from April 2019 but have encountered a few issues. We are hopeful these will be corrected shortly and so we should be able to provide 2019-20 data quicker than in previous years

Improve statement layout for deferred ABS

Our pensions administrator intends to automate the calculations for RDS modifieds to reduce the risk of not producing 100% of the ABS on time

Our ABS process went very smoothly and other than a technical issue which has now been rectified there are no improvements identified

Aligning pension board meetings to the LGA planning cycle

Ensure Pension Administrator is constantly reviewing the process, so the complexity of the calculations is broken into simplier terms for the end user to understand.

Work out Remedy

Administrator responses:

Start earlier. Delayed this year due to LGPS valuation
Try to simplify/reduce number of ABS/DBS templates.
A part from a one modified member the process ran through smoothly.
Introduce Member Self-Service
2006 Special Members now have a bespoke in-house calculation so these are now part of the standard production process

Annex F: Is there anything the Scheme Advisory Board could do facilitate improvements to the ABS process?

Advise on any changes which may be required to ABS as a result of the McCloud case in plenty of time to ensure software can be updated if necessary.

It would be helpful if the Scheme Advisory Board could, proactively work with the major pensions system software providers, to encourage them to make improvements requires to better facilitate the capture of scheme specific data and enhance their capailities in respect of calculating benefits under the various firefighter pension schemes.

Preplanning any impact of McCloud judgement on how ABS are presented to provide assurance

Again to keep under review, supporting LPB and members of the scheme, simplify the process where appropriate to try and address the workload required by both FRA's and Pension Administrators.





FPS Bulletin 28 – January 2020

Welcome to issue 28 of the Firefighters' Pensions Schemes bulletin and a belated Happy New Year!

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

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact <u>Claire Hey</u>.

Contents

Calendar of events

FPS

- Update on transitional protections remedy (Sargeant)
- The Civil Partnership (Opposite-sex Couples) Regulations 2019
- Website resources updated
- Assistance required national member website
- Recent TPO determinations
- January query log

FPS England SAB Updates

- Vacancy for Chair of the FPS (England) SAB
- IDRP data collection
- ABS 2019 survey now closed

Other News and Updates

• Progress of the Pension Schemes Bill

HMRC

- HMRC newsletters/bulletins
- Contracting-out reconciliation update
- Event report and voluntary scheme pays deadline

Training and Events

• <u>2020 events</u>

Legislation Useful links Contact details

Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact <u>Claire Hey</u>.

Fire Communications Working Group	4 February 2020
North East regional FPOG	12 February 2020
Midlands regional FPOG	18 February 2020
Eastern regional FPOG	25 February 2020
South East regional FPOG	28 February 2020
SAB LPB effectiveness committee	5 March 2020
LGA annual Fire conference and exhibition	10-11 March 2020
SAB	17 March 2020 – amended
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

Update on transitional protections remedy (Sargeant)

We understand that firefighters, administrators, and employers are eager to receive guidance from Government to enable them to implement remedy. We are working with the Home Office, however, implementation is very complex given that some members will be better off in the new schemes and there are a number of issues that need central government direction which are being considered by HMT with the input of Home Office and other Government Departments.

In the meantime the position remains that all entitlements including immediate ones should proceed under the 2015 scheme rules for the time being. This includes those who are due to taper into the 2015 scheme should continue to taper, and those due to retire normally at a later date should continue in the 2015 scheme.

While we understand that the position is frustrating for members and employers alike all members with relevant service will not lose out. In the meantime, it is important that FRAs are acting consistently, so that when remedy is agreed all members are being remedied from the same original position.

This position may be subject to change and this will be communicated immediately to all administrators via email, so please ensure that the LGA team have an updated lead contact for each administrator.

An update on the legal case was given in <u>FPS Bulletin 27 - December 2019</u>, along with suggested text to provide to members and actions that FRAs can take in the meantime. However, there appears to be some confusion over the treatment of claimants and non-claimants. To clarify, claimants are those firefighters who are part of the legal case [Sargeant] and represented by FBU. Non-claimants are all other Firefighter scheme members who are in the same legal and factual position as claimants.

Government have confirmed their intent to extend the same treatment to all members, whether claimants or not who are in the same legal and factual position as the claimants. It is important to note that no member with relevant service will lose out. Therefore, while we recommend that FRAs and administrators note who is a claimant and who isn't, it shouldn't prevent any action in the meantime.

Fire Authority Immediate Action

1. Members with an immediate event have been recognised as a priority and in order to determine the numbers of members in the Firefighters Pension Scheme immediately affected the board request that you complete the attached information sheet (Appendix 1) as soon as possible and in any event before 29 February 2020.

Immediate retirements 1 January 202			
Fire and Rescue Authority	Type	Claimants	Non-Claimant
(Select from the drop down list)	(Add any others to the list)		
FRA drop down			
	III-Health		
	No ill-health pension in payment because 2015 scheme lower ill-health criteria not met	1	1
	Tier 1 in payment only (refused higher tier in 2015 scheme)	2	
	Tier 2 in payment under 2015 scheme	2	. 1
	Immediate retirements (meet 50+ >25 ysr service between 1 January 2020 and 31 December 202	2	: 6
	Due to taper between 01 January 2020 and 31 December 2020	2	10
Total		9	23

2. To avoid unnecessary delay on processing ill-health retirements once central guidance is provided by Government, FRAs should take immediate action as below; to clarify this prework should be undertaken by authorities now while awaiting central guidance, however, members should be aware that further information may be needed at a later date in order to process benefits or make decisions.

Current or New Ill-Health cases

IOMP assessment

- Members with transitional 1992 benefits. Ask the IQMP to assess the applicant under both the 1992 and 2015 scheme terms.¹
- Transitional Special Members of the 2006 scheme. Ask the IQMP to assess the applicant under the terms of the 2006 scheme noting that the normal retirement age of a special member is 55²
- The terms of the IQMP assessment are the same for standard 2006 members and transitional members of the 2015 scheme, therefore assessment under the 2015 terms should be sufficient.

Estimation of benefits

Some members will be better off in the new schemes, for the Firefighters scheme this
could be transitional 1992 members who qualify for higher tier ill-health under the
2015 scheme or transitional 2006 scheme members. FRAs should request estimates
from their administrators to provide an estimate of benefits to the member under
both the terms of their previous final salary scheme or current 2015 scheme terms as
a transitional member.

Annual allowance

For some members the impact of treating them as if they had never left their previous final salary scheme might mean that they would have breached the annual allowance limits. Perform a notional annual allowance test on the scheme benefits based on treating them as if they had never left their previous final salary scheme to see if a breach would have occurred.

Retrospective III-Health applications

This is where the payment is either already in payment or the member has already been assessed by an IQMP for ill-Health.

The authority should look at all previous ill-health cases from 2015, in order to determine how many members they have in the following categories and take the appropriate action:

1. Assessed for IQMP under 2015 scheme terms and did not meet tier 1, therefore no ill-health pension is in payment.

Action:

o IQMP assessment

- 1992 transitional member Request an IQMP assessment under the 1992 terms, if the employer had not already asked the IQMP to assess under both schemes.
- Special 2006 transitional members request an IQMP assessment to test tier 1 on the basis of using a normal pension age of 55.

¹ Ill-Health certificates are available here - http://www.fpsregs.org/index.php/member-area/ill-health-and-injury .

² Rule 3, Paragraph 3 of FPS 2006 - http://www.legislation.gov.uk/uksi/2014/445/schedule/paragraph/2/made

- Perform a notional annual allowance test on the scheme benefits based on treating as if they had never left their previous final salary scheme.
- 2. Assessed for IQMP under 2015 terms and met tier 1 requirements but not tier 2, therefore lower tier currently in payment only

Action:

- IQMP assessment
 - 1992 transitional members Request an IQMP higher tier assessment on ability to perform regular employment under the 1992 terms if the employer had not already asked the IQMP to assess under both schemes
 - Special 2006 transitional member request an IQMP higher tier assessment on the ability to perform regular employment to a normal pension age of 55.
- Perform a notional annual allowance test on the scheme benefits based on treating as if they had never left their previous final salary scheme
- 3. Assessed for IQMP under 2015 terms and awarded higher tier

Action:

- o A further IQMP assessment will not be necessary.
- Provide a calculation of the benefits that might be provided under the previous final salary scheme for comparison purposes.
- Perform a notional annual allowance test on the scheme benefits based on treating as if they had never left their previous final salary scheme

Scheme Advisory Board Technical Discussions

In order to remedy age discriminatory treatment across public sector schemes by removing the discriminatory treatment while protecting members who may have been better off in the revised 2015 scheme HMT will be formally launching a consultation later in the year.

Ahead of that formal consultation, Government are informally engaging with public sector pension advisory boards via a series of technical discussions. To respond to this, the Firefighters Pensions (England) Scheme Advisory Board have formed a working group of stakeholders to advise the Home Office, this includes administrators, software providers, NFCC representatives and senior Fire and Rescue officers, issues such as costs and practicality will be considered and these discussions will inform the SAB's response to the HMT consultation expected in spring.

Details of this consultation are currently confidential, however as soon as we are able we will provide an update.

The Civil Partnership (Opposite-sex Couples) Regulations 2019

We reported in <u>FPS Bulletin 26 – November 2019</u> on the introduction of the Civil Partnership (Opposite-sex Couples) Regulations 2019 [SI 2019/1458]

As the new legislation simply amends the definition of a civil partnership so that it is not limited to same-sex couples, the FPS regulations can be directly read to interpret that any reference to civil partnerships includes both same-sex and opposite-sex couples. No subsequent amendment of the FPS rules will be required.

Website resources updated

Following the release of the updated Club memorandum and factors, our bite-size training guide to Transfers has been updated http://fpsregs.org/images/admin/Transfers-Jan-2020.pdf.

A new page has been added to the member-restricted area of www.fpsregs.org. The pensionable pay page collates all of our existing resources into one place, including guidance and training materials, along with relevant Pensions Ombudsman determinations.

If you require a log-in for the site, please contact bluelight.pensions@local.gov.uk.

Assistance required – national member website

One of our long-term objectives is the launch of a national website to provide information and guidance for members on the benefits of the FPS. We are working in collaboration with an external organisation to deliver this project, but we need your help!

Specifically, we are looking for images of firefighters which can be used on the homepage. Ideally these will be the property of the FRA in question, royalty-free and not subject to copyright. The image specifications are as follows:

- File format: Jpeg
- Resolution: Minimum of 150 PPI (pixels per inch)
- Essential copyright is owned by the contributor

In terms of timescales for launching the site, much will depend on the determination of remedy and our ability to meet the new accessibility requirements for public body websites. The structure and planned content is largely in place, so please watch this space.

Images can be sent to <u>claire.hey@local.gov.uk</u>. With thanks in anticipation.

Recent TPO determinations

The following determinations have been made recently by the Pensions Ombudsman (TPO) in relation to the FPS. A full history of relevant determinations can be found via our legal landscape webpage http://fpsregs.org/index.php/legal-landscape/the-pensions-ombudsman.

PO - 19150 September 2019

In this ill-health case, which was not upheld, the member complained that although he was retired on the grounds of ill-health, his pension from the FPS 1992 was paid as an ordinary pension (Regulation B1) rather than an ill-health pension (Regulation B3). The member claims that he therefore did not receive the level of enhanced pension that he was entitled to and this has also impacted the benefits payable under Regulation B4 (injury award).

In the member's opinion, the Authority's interpretation of the B3 ill-health calculation was partially flawed.

TPO concluded that the Authority had applied the provisions of the scheme correctly, and that while the amounts of the B1 and B3 pensions were equivalent, the pension entitlement was calculated correctly under the ill-health rule.

PO - 21552 November 2019

This case relates to the calculation of final pensionable pay. The member was in receipt of an additional pensionable allowance, which was removed (as specified in the terms of his contract) following 13 weeks of sickness absence. The member later commenced modified duties, which did not attract the allowance.

On retirement two years later, a previous period of pay including the allowance was used to calculate pension benefits. The member complained that as an earlier year was used, he did not benefit from pay increases received in his final two years of service. He asserted that he should have been treated as receiving notional pay inclusive of the allowance, up to his date of leaving.

The Ombudsman determined that the Authority had applied the regulations correctly, and the complaint was not upheld.

January query log

The current <u>log of queries and responses</u> is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in December.

FPS (England) SAB Updates

Vacancy for Chair of the FPS (England) SAB

Recruitment is now underway for the next Chair of the Firefighters' Pensions (England) Scheme Advisory Board. The vacancy is advertised on the following link, with a closing date of 16 February 2020:

https://publicappointments.cabinetoffice.gov.uk/appointment/chair-of-the-firefighters-pension-scheme-advisory-board/

If you have any queries about this role, please contact Philip Perry on 0207 035 3447 or email philip.perry.@homeoffice.gov.uk.

IDRP data collection

For some time, the SAB have considered the issue of Internal Dispute Resolution Procedures (IDRP) and how FRAs can be best supported in the management and resolution of complaints. At their meeting on 9 January 2020³, the Board agreed that data on IDRPs should be collected on an annual basis, in line with the scheme year, to collect numbers of cases and any emerging themes.

One of the key risks identified by the Pensions Regulator (TPR) in their recent report into governance and administration risks in public service pension schemes⁴ was that procedures for recording and learning from complaints and disputes, including trend analysis, do not exist for every scheme. The Regulator is therefore broadly supportive that this data could be collected at SAB level, to identify where further advice and support may be needed.

We have created a spreadsheet to gather the relevant data and this will be issued in the March edition of the bulletin.

Additionally, revised guidance on IDRPs has been drafted and will be circulated to the Board for agreement at their meeting in March, prior to publication.

ABS 2019 survey - now closed

Many thanks to colleagues who were able to submit a response to this year's survey of the ABS process, developed in collaboration with the SAB Local Pension Board effectiveness committee.

The survey is now closed and the data will be analysed to present a draft report to the Committee at their next meeting on 5 March 2020.

Individual FRA submissions have been exported and can be provided on request.

Other News and Updates

Progress of the Pension Schemes Bill

The Bill has been introduced in the House of Lords and the date of the second reading is 28 January 2020. The Parliament website includes the latest versions of <u>documents related to the Pension Schemes Bill</u>, including draft legislation and Explanatory Notes.

HMRC

HMRC newsletters/bulletins

HMRC has published pension schemes newsletter 116 containing important updates and guidance on pension schemes. The following issues are covered:-

<u>Pension schemes newsletter 116 – 28 January 2020</u>: Pension flexibility statistics | Pension Schemes Online service | Managing Pension Schemes service | Relief at Source - notification of residency status report for 2020 to 2021 | Trust Registration Service |

³ http://www.fpsboard.org/images/PDF/Meetings/09012020/SAB-draft-minutes-090120.pdf [Item 11.8]

⁴ https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report

Also published this month:

Managing Pension Schemes service newsletter - 14 January 2020

Contracting-out reconciliation update

The following bulletins containing important guidance and information about the end of contracting out and the scheme reconciliation process have been published by HMRC in January:

<u>Countdown bulletin 50 – December 2019</u> with an update on the revised proposed solution for automatically allocating payments.

<u>Countdown bulletin 51 – January 2020</u> with the proposed solution for allocating payments, including the part payment breakdown template.

If a scheme has made a part payment, HMRC cannot currently identify which members that payment was made for. These bulletins introduce a process that will allow schemes to tell HMRC which members any part payment is in respect of.

Any authorities that have made a part payment, make a part payment in the future, or change a full payment into a part payment must complete the spreadsheet to tell HMRC the individual members that the payment is being made for.

If you have fully paid, and do not intend to change this to a partial payment, then you should still contact HMRC to confirm this position. An early response will enable HMRC to move on to the next stage of allocating the payment you have made to individual members.

The deadline for responses is 13 March 2020.

Event report and voluntary scheme pays deadline

The deadline for submitting an Event report for reportable events in that occurred in the year ending 5 April 2019 is 31 January 2020. Events that you will commonly need to report are:

- You have made an unauthorised payment
- A member's benefits were tested against the lifetime allowance, their benefits were more
 than the lifetime allowance and they relied on protection to reduce or eliminate the tax
 charge. The Event report has not been updated to include Fixed Protection 2016, Individual
 Protection 2016 or Individual Protection 2014 (if applied for online). You will need to report
 any cases involving these types of protection by secure email
- You have automatically issued a 'standard' pension savings statement. Note that you may choose to submit this information using a secure email, rather than using the online service.

There are 23 reportable events. <u>HMRC guidance on sending pension scheme reports</u> provides more information on all events that you must report.

An FRA may have decided to pay a member's annual allowance tax charge on a voluntary basis (voluntary scheme pays) if the conditions for mandatory scheme pays were not met. If you have done so, the deadline for paying that tax for a charge that arose in the year ending 5 April 2019 is 31 January 2020. The member may have to pay interest and late payment charges if this deadline is missed. You can find more information about scheme pays in <u>FPS Bulletin 4 – January 2018</u>.

Training and Events

2020 events

We have put together a topical and varied programme of national events for 2020, based on feedback from the training survey⁵. Details of the dates will be advertised in the <u>calendar</u> section of the bulletin once finalised.

We will continue to offer bespoke in-house training throughout the year. Each board is entitled to a free annual training session under the statutory levy, however, as the results of our survey indicated a strong preference for regional sessions which allow the opportunity to network and learn from peers, we would encourage FRAs and their boards to consider facilitation of joint sessions with other authorities where possible.

For more information or to book a session, please contact us as at bluelight.pensions@local.gov.uk.

Legislation

SI	Reference title
2020/6	The State Pension Revaluation for Transitional Pensions Order 2020
2020/7	The State Pension Debits and Credits (Revaluation) Order 2020

Useful links

- The Firefighters' Pensions (England) Scheme Advisory Board
- FPS Regulations and Guidance
- Khub Firefighters Pensions Discussion Forum
- FPS1992 guidance and commentary
- The Pensions Regulator Public Service Schemes
- The Pensions Ombudsman
- HMRC Pensions Tax Manual
- LGA pensions website

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⁵ http://www.fpsboard.org/images/PDF/Surveys/Training2019.pdf

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FPS Bulletin 29 - February 2020

Welcome to issue 29 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the <u>main bulletin page</u> of the website and are updated following each new issue.

You may notice a change to our appearance this issue. This is to make our bulletin more accessible. If you have any comments on the accessibility of this bulletin or suggested items for future issues, please email claire.hey@local.gov.uk

Contents

Calendar of events

FPS

- Update on transitional protections remedy (Sargeant)
- Claims for refunds of NICs FPS 2006 special members
- Firefighters' Pension Schemes (England) Factor Guidance Notes
- Medical appeals forms
- Election to join FPS
- February query log

Other News and Updates

- Public Service Pension Indexation and Revaluation 2020
- The Pensions Ombudsman (TPO) newsletter 7
- Auto Enrolment (AE) Earnings Trigger and Qualifying Earnings Band Review 2020
- DWP updates guidance on pensions after Brexit
- Pensions dashboards Industry Delivery Group (IDG) blog

HMRC

HMRC newsletters/bulletins

Legislation

Useful links

Contact details

Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please email claire.hey@local.gov.uk

Event	Date
SAB LPB effectiveness committee	5 March 2020
LGA annual Fire conference and exhibition	10-11 March 2020
SAB	17 March 2020
South West regional FPOG	26 March 2020
SAB Administration & Benchmarking committee	6 May 2020
North East regional FPOG	20 May 2020
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

Table 1: Calendar of events

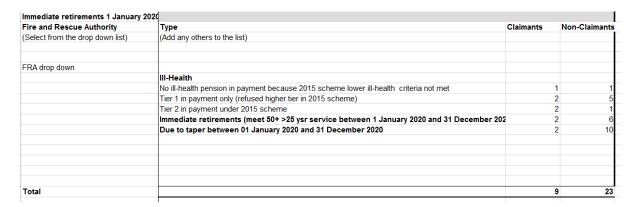
FPS

Update on transitional protections remedy (Sargeant)

The remedy update in <u>FPS Bulletin 28 – January 2020</u> included a request for information from the Scheme Advisory Board (SAB). We have received a limited number of responses and so we have extended the deadline.

Fire Authority Immediate Action

We recognise that members with an immediate event are a priority. To determine the number of members affected, please complete the <u>request for information sheet</u> provided as Appendix 1 to the January bulletin. Please email completed returns to <u>bluelight.pensions@local.gov.uk</u> by 16 March 2020.



We are aware that some FRAs are having difficulty identifying their legal claimants. The legal claims were made against each service, so there should be a record of them. We would expect the records to be with the Human Resources or Legal teams. The Employment Tribunal sent the claims in paper form in October 2015. As these are live legal cases there should be a folder of them in one or other of those departments

If they cannot be found then we would have to ask the legal representatives, Bevan Brittan, to provide copies. This may have a cost to the service. We would need advance written confirmation that the service would meet the cost, as it would not be appropriate to pass on any of that cost to other services through the cost sharing agreement. Please let us know if you wish us to make such a request.

Scheme Advisory Board Technical Discussions

Technical discussions to inform the SAB response to HMT's informal proposals concluded this week. A series of three meetings took place between a working group of stakeholders including administrators, software providers, NFCC representatives and senior Fire and Rescue officers. A draft response will be presented to the Board for agreement at their meeting in March.

This informal engagement is taking place ahead of the formal consultation expected in spring.

Details of these discussions are currently confidential, we will share an update as soon as we are able.

Claims for refunds of NICs - FPS 2006 special members

As per <u>FPS Bulletin 24 - September 2019</u> HMRC have now written to all FRAs with regards to backdating their FPS 2006 scheme contracting out certificate to 6 April 2000. This is to allow HMRC to process the refund of National Insurance Contributions and to correct the contracted out status. In a few cases HMRC have informed FRAs that they do not currently have a valid contracting out certificate for the FPS 2006 and this will first need to be applied for and then backdated.

The relevant form to complete has been sent to each FRA by HMRC and is form APSS155b. The backdating should be from 6 April 2000. HMRC goes on to confirm that 'a notice of intention or explanation must be given to all employees and recognised trade unions and the notice period of up to 3 months must have expired'. On the assumption that some form of consultation took place with employees following the ruling about backdating membership HMRC will accept that as having given the necessary notice of intention or explanation.

We can confirm that DCLG (now Home Office) consulted on changes to the scheme under the <u>retained firefighters pension settlement consultation</u>, so there is no need to issue anything further.

In order to reduce the burden on FRAs with regards to providing information for these refunds to be made, we did agree with HMRC that only name, date of birth, NI number and period bought back needed to be provided. FPS Bulletin 2 and FPS Bulletin 3 provide more information. We also covered this topic at the special members refresher workshop [slides 52 and 53] to clarify that there was no discretion to not provide this information because it was needed for the HMRC GMP reconciliation project.

Firefighters' Pension Schemes (England) - Factor Guidance Notes

HM Treasury reduced the SCAPE discount rate from 2.8% to 2.4%pa above CPI from 1 April 2019. As a result of the change, the Government Actuary's Department (GAD) undertook a factor review for the Firefighters' Pension Schemes.

GAD have recently provided the guidance notes below to accompany actuarial factors previously issued to FRAs during 2018 -2019. This includes updated versions of several guides released in <u>FPS Bulletin 27 – December 2019</u>, and some newly added guides.

- FPS 1992 Statutory CETV and Club Transfers Out factors and guidance NEW
- FPS 2006 Individual Cash Equivalent Transfers factors and guidance NEW
- FPS 2015 Purchase of Additional Pension factors and guidance UPDATED
- FPS 1992 Tax charge debits factors and guidance UPDATED
- FPS 2006 Tax charge debits factors and guidance UPDATED
- FPS 2015 AA charges: scheme pays offsets factors and guidance UPDATED

- <u>FPS 2006 Service Credits for non-Club Incoming Transfers factors and guidance NEW</u>
- FPS 1992 and 2006 Trivial Commutation and Capitalisation for Death Gratuities - factors and guidance – NEW
- FPS 2015 Commutation of Small Pensions factors and guidance NEW

Please note the following changes to the FPS 1992 Tax charge debits guidance:

- Updated definition of RTF to be RTFret
- For the Adjusted pension debit = AAPD x PI x RTFret ÷ RTFimp. It is agreed that this is for ages over 60 and therefore excludes ages under 60

The RTFret factor should use the factors in force at the relevant implementation date. The rationale is the numerator and denominator should be consistent and therefore factor should be selected at a consistent date for both.

GAD have also updated the pension input periods for the tax charge and scheme pays offsets notes so that they refer to the tax year period 6 April to 5 April, rather than 1 April to 31 March.

All factor tables and guidance notes can be found on our GAD guidance page.

In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.

Medical appeals forms

The Home Office appointed Duradiamond Healthcare (DHC) as the new Board of Medical Referees contractor from 1 October 2019. We have been advised that DHC are going to review the forms for the appeal process as they were last updated in 2013. However, in the interim, the existing forms have been updated to reflect the correct legislation and contact details and have been uploaded to our Ill-health and Injury page for authorities to use if they wish.

Each FRA is required to sign the call-off contract and complete a new account form with DHC so that they can be set up as a client for invoicing purposes. It may be wise to complete this before submitting new cases. However, the forms can be completed while DHC are processing cases to avoid cause any delays in the appeal process. The call-off terms are defined by the framework contract with the Home Office so these cannot be amended.

Concerning the two forms which DHC send out to authorities:

- One form is a new customer account form which is required for invoicing purposes by the finance team.
- The other form the 'call-off form'/schedule 3 is the order form contained within the framework provided by the Home Office. This clarifies what is contractually expected of DHC within the appeal process and only needs to be completed once prior to any cases being arranged.

To assist FRAs in completing the call-off forms, please note the following to be completed:

- Order Number This can be left blank or it can be prepopulated by the authority with a PO number if required.
- Order Date The date when the authority signs the form.
- Description of Order This has been amended and prepopulated as requested.
- Total value of Order Please enter the text 'Cost/price per board', we have asked Duradiamond for this to be pre-populated

Election to join FPS

Following a request from the Fire Communications Working Group (FCWG) an opt in form for members electing to join FPS outside of auto-enrolment has been produced.

Election to join form

Please note that the form is based on our interpretation of the current regulations which give people eligibility to join FPS 2006 or FPS 2015 based on their date of birth and previous service.

February query log

The current <u>log of queries and responses</u> is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

There have been no new items added since January.

Other News and Updates

Public Service Pension Indexation and Revaluation 2020

On 25 February 2020, HM Treasury issued <u>written statement HCWS123</u> to confirm that public service pensions will be increased from 6 April 2020 by 1.7 per cent, in line with the annual increase in the Consumer Prices Index up to September 2019.

Revaluation for active members of FPS 2015 is applied in line with Average Weekly Earnings up to September 2019. The figure for the earnings element of revaluation is 4 per cent.

The Treasury has issued the <u>Pensions Increase 2020 covering note</u> and <u>Pensions Increase 2020 multiplier tables</u> to help scheme administrators correctly apply the annual increase to public service pensions.

The Pensions Ombudsman (TPO) newsletter 7

TPO have published Issue 7 – January 2020 of their stakeholder newsletter

The newsletter includes:

- an introductory message from the Pensions Ombudsman, Anthony Arter
- an article covering the relationship and promotional work undertaken since June 2019
- · a legal update
- · dates of future events
- volunteering for the TPO

Earlier communications from TPO and a full history of determinations in relation to FPS are held on our TPO webpage.

Auto Enrolment (AE) Earnings Trigger and Qualifying Earnings Band Review 2020

On 13 February, in a <u>written statement</u> to the House of Commons, <u>Guy Opperman</u> provided an update on this year's annual review of the AE earnings trigger and qualifying earnings band. The review concluded that the existing earnings trigger remains at the correct level and both the lower and upper earnings limits will continue to be aligned to the National Insurance contribution thresholds. The proposed 2020/21 AE thresholds are as follows:

- £6,240 for the lower limit of the qualifying earnings band
- The AE earnings trigger will be maintained at £10,000
- The upper limit of the qualifying earnings band will remain at £50,000

DWP updates guidance on pensions after Brexit

The Department for Work and Pensions has updated the <u>guidance explaining the</u> <u>rights of UK nationals</u> in the European Economic Area or Switzerland to benefits and pensions after the UK has left the EU.

Pensions dashboards - Industry Delivery Group (IDG) blog

On 20 February Richard Smith, Industry Lead at the IDG, published a blog about the progress of the pensions dashboards working groups.

HMRC

HMRC newsletters/bulletins

On 20 February HMRC published a <u>Guaranteed Minimum Pension (GMP)</u> <u>equalisation newsletter</u> explaining how equalisation benefit adjustments will interact with annual allowance and lifetime allowance.

Legislation

SI	Reference title
2020/101	The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order 2020
2020/179	The Local Government Pension Scheme (Amendment) Regulations 2020

Useful links

- The Firefighters' Pensions (England) Scheme Advisory Board
- FPS Regulations and Guidance
- Khub Firefighters Pensions Discussion Forum
- FPS1992 guidance and commentary
- The Pensions Regulator Public Service Schemes
- The Pensions Ombudsman
- HMRC Pensions Tax Manual
- LGA pensions website

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FPS Bulletin 30 - March 2020

Welcome to issue 30 of the Firefighters' Pensions Schemes bulletin.

We hope this bulletin finds you safe and well. We understand that the current restrictions on movement due to the Coronavirus pandemic will lead to some challenging times. To enable us to communicate with you quickly, we have a dedicated COVID-19 webpage, which contains important information, please check this page regularly. We have suspended all meetings, training and travelling with immediate effect for the foreseeable future but remain available at home by mobile, email or video (MS Teams or Skype for Business).

If you are looking for information on a certain topic, issue and content indexes are held on the <u>main bulletin page</u> of the website and are updated following each new issue.

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

Contents

Calendar of events

FPS

- COVID-19 online survey: action needed
- Update on transitional protections remedy (Sargeant)
- FPS contribution rates 2020-21
- FPS annual update 2020
- Firefighters' Pension Schemes (England) Factor Guidance Notes
- Suspension of medical appeal boards due to COVID-19
- March query log

FPS England SAB updates

- A fond farewell to our chair Malcolm Eastwood
- Malcolm Eastwood signs off
- IDRP data collection: action needed
- Immediate event data request update

Other News and Updates

• Spring Budget 2020

HMRC

HMRC newsletters/bulletins

Training and events

• LGA annual fire conference - 10-11 March 2020 Blackpool

Legislation

Useful links

Contact details

Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please email claire.hey@local.gov.uk

Table 1: Calendar of events

Event	Date
SAB Administration & Benchmarking committee	6 May 2020 – TBC
North East regional FPOG	20 May 2020 – TBC
Eastern regional FPOG	21 May 2020 – TBC
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

COVID-19 online survey: action needed

On 25 March 2020 an <u>email</u> was sent to administrators and scheme managers to seek information on working arrangements and concerns with regards to COVID-19. Please ensure this <u>online survey</u> has been completed on behalf of your Fire and Rescue Authority (FRA).

Update on transitional protections remedy (Sargeant)

The Scheme Advisory Board (SAB) are close to submitting their response to HM Treasury's (HMT) informal proposals to address long-term remedy in the Firefighters' Pension Schemes. All public service Boards have been asked for their views on the proposals to inform government thinking ahead of a full formal consultation in late spring/ early summer.

Under the proposals, members will revert to their original final salary scheme from 1 April 2015 to a future date, when discriminatory provisions are removed from the schemes. This will be known as the remedy period.

As indicated by the interim order made in December 2019, which stated that claimants are "entitled to be treated" as a member of their former final salary scheme, there will be an element of choice afforded to individuals as to whether they wish to receive final salary or CARE benefits for the remedy period, depending on what would be more beneficial to their circumstances. The HMT proposals centred around when this choice would be made.

While the mechanics of implementing these changes and arrangements for the postremedy period are not yet clear, the SAB, in consultation with a working group of representative stakeholders from the Fire sector, have developed a considered and comprehensive response to the proposals to outline the practicality and feasibility of delivering remedy and particular implications for the unique FPS workforce.

On 25 March the Economic Secretary to the Treasury, John Glen, made <u>written statement - HCWS187</u> regarding progress toward remedy in public service pension schemes following the McCloud/Sargeant age discrimination case. The statement confirms that no qualifying scheme member will need to make a claim for the remedy to apply to them.

FPS contribution rates 2020-21

Banded contribution rates were introduced to the Firefighters' Pension Scheme 1992 and the Firefighters' Pension Scheme (England) 2006 by Statutory Instruments 2012/953 and 2012/954 respectively.

These rates have subsequently been amended each year by an amendment order to the schemes. The most recent amendments¹, which came into force on 1 April 2015, listed the rates applicable from 2015-16 to 2018-19, including contribution rates for Special Members of the Firefighters' Pension Scheme (England) 2006.

The Firefighters' Pension Scheme 2015 was introduced on 1 April 2015 by SI 2014/2848. Regulation 110 set out details rates applicable from 2015-16 to 2018-19.

For 2019-20, FRAs were instructed that the 2018-19 rates would continue to apply, due to the pause of the cost-cap mechanism. These rates will continue to apply for 2020-21. The <u>contribution rate factsheet</u> reminds FRAs of the contribution rates set out in the above Regulations and Orders which will apply from 1 April 2020.

FPS annual update 2020

Relevant thresholds and rate changes for 2020 are available in the <u>FPS annual</u> update 2020.

All relevant legislation can be viewed on our website under <u>annual update Statutory</u> <u>Instruments</u>.

Firefighters' Pension Schemes (England) - Factor Guidance Notes

HM Treasury reduced the SCAPE discount rate from 2.8% to 2.4%pa above CPI from 29 October 2018. As a result of the change, the Government Actuary's Department (GAD) undertook a factor review for the Firefighters' Pension Schemes.

Guidance notes covering divorce, pension credits and debits for the 1992 and 2006 schemes to accompany actuarial factors previously issued to FRAs during 2018 - 2019 are included below.

- FPS 1992 Pensioner cash equivalents on divorce, pension credits and pension debits factors and guidance
- FPS 2006 Pensioner cash equivalents on divorce, pension credits and pension debits factors and guidance

All factor tables and guidance notes can be found on our dedicated <u>GAD guidance</u> webpage.

In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.

¹ SI 2015/579, SI 2015/590

Suspension of medical appeal boards due to coronavirus (COVID-19)

As readers will be aware, under FPS 1992 – Rule H2, FPS 2006 - Part 8, paragraph 2, FPS 2015 - Part 12, Chapter 2 and Part 6, Paragraph 2 of the compensation scheme, a medical decision can be appealed. The secretary of state delegated responsibility for managing the appeal process in <u>FPSC 9/2010</u> and the current contract is with Duradiamond Health Ltd.

Unfortunately, due to complexities arising from COVID-19, Duradiamond have announced below that this service will be suspended for three months. This will have the effect of suspending all processes in the medical appeal, and we appreciate this will be disappointing to members and FRAs currently in an appeals process or about to begin one, however as we are sure you are aware the COVID-19 crisis is unprecedented, and this delay is unavoidable.

FRAs should address any concerns or queries about the suspension to Philip.Perry@homeoffice.gov.uk.

National Framework Agreement for the Supply of Police & Fire Medical Appeal Board Services

Framework Ref. No: C15285

COVID-19

Due to the current COVID-19 situation, we are following Govt guidance regarding self-isolation, limiting social contact and travelling in London.

Duradiamond Healthcare has asked the Home Office under Clause 10.8 of the National Framework Agreement, that the Supply of Police & Fire Medical Appeal Board Services is suspended for an initial period of 3 months (to 20th June 2020) with a review at the end of that time (and within the 4 months allocation under 10.8.1.). The Home Office has confirmed that they agree with this approach.

We very much enjoy working with both the Police and Fire Authorities and the decision to suspend the service has not been taken lightly. We look forward to resuming the service as soon as the situation settles.

Best wishes,

Carole Scott
Client Relationship Manager

March query log

The current <u>log of queries and responses</u> is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

There have been no new items added since January.

FPS England SAB updates

A fond farewell to our chair, Malcolm Eastwood

Sadly, the time has come to say goodbye to Malcolm Eastwood who is retiring from his role as chair of the FPS England SAB. We would like to take this opportunity to thank Malcolm for his time, energy and passion, and to wish him a happy retirement with his wife Sylvia. Malcolm has said goodbye to you in his own words below.

Malcolm Eastwood signs off

"Dear Friends & Colleagues,

As per that well known, tear jerking song, it is now, "Time To Say Goodbye", as I reluctantly 'sign off' from my role as Chairman of the Firefighters' Pension Scheme Advisory Board.

I am conscious I do so at a time when we as a nation are facing the biggest disruption ever seen to society globally since the last World War and I wish you and your families well at this difficult and challenging time for us all.

Many of you hold key positions within 'Fire Pensions' and, in spite of this situation, Scheme Members will still be retiring, have queries, become ill, and unfortunately, some will die, all of which will require your ongoing support and assistance to provide a 'business as usual' service..."

Read Malcolm's message in full at Appendix 1.

IDRP data collection: action needed

As detailed in <u>FPS Bulletin 28 – January 2020</u>, the SAB have agreed that data on Internal Dispute Resolution Procedure (IDRP) should be collected on an annual basis, in line with the scheme year, to collect numbers of cases and any emerging themes.

We request that FRAs complete the spreadsheet at Appendix 2 and return this to bluelight.pensions@local.gov.uk by 30 April 2020.

An IDRP can be raised by a member of the Firefighters' Pension Scheme if they feel that the scheme manager has made a decision under the scheme incorrectly. Each Fire and Rescue Authority (FRA) should have in place a process which determines how an IDRP will be managed.

A <u>full list of discretions and determinations</u> made by the scheme manager can be found under the 'Guides and Sample Documents' tab, within the 'Administration Resources' tab of <u>www.fpsregs.org</u>

If the disagreement involves an issue of a medical nature², then an IDRP is **not** appropriate and the correct route is a medical appeal. However, it should be noted that in certain situations it may be possible that medical disputes could end up with both a medical appeals dispute process <u>and</u> an IDRP where the processes that should have been in place to deal with the medical issue have not been appropriately managed.

FPS Bulletins 13 and 14³ commented on the duty of FRAs to 'not act blindly' on receipt of an IQMP opinion. The responsibility of the decision maker (the authority) is to not act blindly in accepting a medical opinion and should ensure the IQMP reaches their opinion in a proper manner. Various case law was cited in the bulletins.

The wording of the regulations across the schemes is identical and states that where a member disagrees with a scheme manager's determination, they can within 28 days of the determination require the scheme manager to conduct an IDRP.

The guidance in <u>FPSC 1/2009</u>⁴ put in place a two stage process: stage one should be considered by the Chief Fire Officer (CFO) or a senior manager specified by the CFO, stage two should be considered by the elected members of the FRA.

The guidance also set out timescales for the authority to deal with the complaint which could have the effect of the total process taking 16 months to complete.

The SAB received a number of queries regarding the potentially lengthy process and whether two stages were necessary, and / or whether the elected members of the FRA were the appropriate body to review the second stage owing to a lack of technical knowledge of the scheme.

At their meeting on 20 June 2018 [Paper 3]⁵, the SAB considered retaining a two stage process or moving to a one stage process and decided to retain the two stage process, albeit they agreed that a review should be made of which roles would be appropriate to be involved and whether the time limit should be lowered⁶. The Board also agreed that further training should be provided to FRAs if needed.

The decision maker at each stage and timescales was further considered by the SAB at their meeting on 13 June 2019 [Paper 2]⁷.

The Board are currently reviewing informal guidance which updates the 2009 FPSC circular in respect of who each stage of the appeal should be heard by, and the relevant timescales for each stage. A workshop on IDRPs is planned for the Fire Pensions Annual Conference 2020.

² See III-Health and Injury Pension Quick Guide - http://www.fpsregs.org/images/admin/IIIhealth.pdf

³ <u>http://www.fpsboard.org/images/PDF/Bulletin13/Bulletin13.pdf</u> and http://www.fpsboard.org/images/PDF/Bulletin14/Bulletin14.pdf

⁴ http://fpsregs.org/images/FPSC/1-2009.pdf

⁵ http://www.fpsboard.org/images/PDF/Meetings/20062018/ITEM12-200618v2.pdf

⁶ http://www.fpsboard.org/images/PDF/Meetings/20062018/Minutes200618.pdf [Item 12]

⁷ http://www.fpsboard.org/images/PDF/Meetings/13062019/ITEM9-130619.pdf

Immediate event data request update

In <u>FPS Bulletin 28 - January 2020</u> we asked FRAs to return <u>data on immediate</u> <u>events</u> for the year 2020; the deadline was extended to 16 March in <u>FPS Bulletin 29</u> - February 2020.

Unfortunately to date, only 28 of the 45 English FRAs have responded to this request, representing a 62% response rate.

The total information gathered so far is shown in the table below, we are still gathering this data so please make your return as soon as possible. Completed spreadsheets should be returned to bluelight.pensions@local.gov.uk.

Table 2: Data on immediate FPS events

	Claimants	Non-Claimants	Totals		
III-Health Retirements					
No ill-health in payment	5	25	30		
because FPS 2015 lower tier					
criteria not met.					
Lower Tier in Payment only	17	53	70		
(Higher tier criteria not met)					
Higher tier in payment	10	17	27		
Immediate retirement					
Those who meet 50+ with >25 years's service between 1 January 2020 and					
31 December 2020 in all schemes					
	27	1665	1692		
Tapered					
Due to Taper between 01 January 2020 and 31 December 2020					
	9	484	493		
Totals	68	2244	2312		

Other News and Updates

Spring Budget 2020

The Chancellor Rishi Sunak delivered his first Budget on 11 March 2020 and announced the new Lifetime Allowance limit and changes to the tapered annual allowance that will take effect from 6 April 2020.

Lifetime Allowance will increase to £1,073,100 from 6 April 2020.

Annual allowance taper provisions to change from 6 April 2020. Threshold income and Adjusted income will both increase by £90,000, but the minimum tapered annual allowance will drop to £4,000. From 6 April 2020:

Threshold income: £200,000 Adjusted income: £240,000

Minimum reduced annual allowance: £4,000.

A update from HMRC on these changes can be found in <u>Pension schemes</u> newsletter 118 – 26 March 2020.

The Chancellor did not announce any changes to the operation of pension tax relief. An individual who earns less than the personal allowance benefits from tax relief if they pay into a relief at source arrangement, but they do not if they pay into a net pay arrangement. The Government will be publishing a call for evidence on pension tax relief shortly.

You can find more detail in the Budget 2020 document online.

HMRC

HMRC newsletters/bulletins

HMRC has published pension schemes newsletters 117 and 118 containing important updates and guidance on pension schemes. The following issues are covered:

Pension schemes newsletter 117 – 28 February 2020:

- Relief at source
- Guidance from The Pensions Regulator on Pension Scams
- Guaranteed Minimum Pension (GMP) Equalisation Newsletter February 2020

Pension schemes newsletter 118 – 26 March 2020

- Spring Budget 2020
- Temporary changes to pension processes as a result of coronavirus (COVID-19) Annual allowance calculator
- Relief at source
- The Managing Pension Schemes service
- GOV.UK updates
- Pension scheme administration moving pension recipients from one payroll to another
- The Pension Schemes Online service

Training and events

LGA annual fire conference - 10-11 March 2020 Blackpool

Prior to lockdown, the Bluelight team had opportunity to attend the LGA annual fire conference and exhibition in Blackpool. The event is well attended by those responsible for managing Fire and Rescue Services and their budgets, along with elected members of Fire Authorities, and so provides an excellent opportunity for networking and improving our knowledge of the wider issues affecting Services across the country. We were also able to catch up with several of our SAB employer representative members, many of whom sit on the Fire Services Management Committee (FSMC).







There were thought-provoking keynote sessions on the climate emergency; finance and funding; risk, standards, and protection; and building safety, as well as a varied selection of workshops. Clair Alcock delivered a lunchtime fringe session to update delegates on changes to the Firefighters' Pension Schemes.



The complete slide decks from the conference are now available on the LGA Events webpage: <u>LGA annual fire conference 10-11 March 2020</u>

Legislation

SI	Reference title
2020/193	The Social Security Revaluation of Earnings Factors Order 2020
2020/230	The Public Service Pensions Revaluation Order 2020
2020/235	The Guaranteed Minimum Pensions Increase Order 2020
2020/290	The Pensions Increase (Review) Order 2020
2020/299	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2020

2020/342 The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2020

2020/354 The Parental Bereavement Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2020

The above legislation amends the regulations of the Firefighters' Pension Schemes from 6 April 2020 to allow any period of parental bereavement leave to be counted as reckonable pensionable service and pay.

FPS 1992 amendments FPS 2006 amendments FPS 2015 amendments

Useful links

- The Firefighters' Pensions (England) Scheme Advisory Board
- FPS Regulations and Guidance
- Khub Firefighters Pensions Discussion Forum
- FPS1992 guidance and commentary
- The Pensions Regulator Public Service Schemes
- The Pensions Ombudsman
- HMRC Pensions Tax Manual
- LGA pensions website

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FPS Bulletin 31 - April 2020 - interim bulletin

Welcome to issue 31 of the Firefighters' Pensions Schemes bulletin.

We hope that readers remain safe and well. This short interim bulletin has been issued to address errors and omissions from previous publications.

The Coronavirus pandemic continues to raise queries and concerns for scheme employers and members. Our dedicated COVID-19 webpage is being updated frequently, so please check in on a regular basis.

All meetings, training and travelling remain suspended for the foreseeable future but the Bluelight team are available at home by mobile, email or video (MS Teams or Skype for Business).

If you are looking for information on a certain topic, issue and content indexes are held on the <u>main bulletin page</u> of the website and are updated following each new issue.

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

Contents

Calendar of events

FPS

- Top Up grant 2020: Collection of pensions accounting data
- FPS (England) Factor Guidance Notes updated
- FPS annual update 2020

FPS England SAB updates

• IDRP data collection: action needed

Useful links

Contact details

Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please email claire.hey@local.gov.uk

Table 1: Calendar of events

Event	Date
SAB Administration & Benchmarking committee	6 May 2020 – TBC
North East regional FPOG	20 May 2020 – TBC
Eastern regional FPOG	21 May 2020 – TBC
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

Top Up grant 2020: Collection of pensions accounting data

On 23 March 2020, the Home Office sent an email to Claim Certifiers and Claim Administrators) to provide advance notification that in mid-April they will be formally commissioning FRAs to submit their audited 2018/19 and unaudited 2019/20 pensions income and expenditure data.

Please note that the DELTA online data collection system will be used to collect these returns.

You will be aware that the Home Office now undertake additional internal checks on any financial data submitted. The additional internal checks involve an in-depth and formal check on the audited and unaudited pension income/expenditure data submitted by FRAs.

As part of this additional check all FRAs will be asked to provide the following information:

- 1) electronic copies of the trial balances from their audited accounts where the pensions income/expenditure data was extracted;
- 2) any post balance sheet adjustment events (showing audit adjustments); and
- 3) explicit confirmation from the Chief Finance Officer/Finance Director (as appropriate) of each FRA that they are content that their claim is correct and is in line with the relevant firefighter pension scheme regulations.

The deadline for completing the returns will be **Friday 15 May**, which should allow enough time for the claims to be scrutinised and approved.

It is important to note that the Department will only be able to make Top Up grant payments on any claims that it can validate as being correct and, as such, failure to provide the requested information, or the submission of incomplete information, will delay any grant payments due in July. As such, it is critical that the accounting data submitted on each FRA's claim form reconciles with trial balances etc. that are submitted as supporting evidence.

FPS (England) - Factor Guidance Notes updated

GAD have provided an updated version of the <u>FPS 1992 Tax charge debits</u> <u>guidance</u>, dated 7 April 2020.

Please note the following changes:

- For the Adjusted pension debit = AAPD x PI x RTFret applies to retirements before age 60
- Both the RTFret and RTFimp factors should use the factors in force at the
 relevant retirement date. The rationale is the numerator and denominator
 should be consistent and therefore the factors should be selected at a
 consistent date for both. It is best practice to use the factors currently in force.
 In addition, using factors at retirement date is preferable because holding the
 current table only will suffice, whereas using factors from the implementation
 date would require you to retain and use factors for various prior periods.

All factor tables and guidance notes can be found on our dedicated <u>GAD guidance</u> <u>webpage</u>.

In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.

FPS annual update 2020

<u>FPS bulletin 30 – March 2020</u> included relevant thresholds and rate changes for 2020 in the FPS annual update.

The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2020 [SI2020/372] has since been laid. We have updated the FPS annual update 2020 to include details of this Order.

All relevant legislation can be viewed on our website under <u>annual update Statutory</u> <u>Instruments</u>.

FPS England SAB updates

IDRP data collection: action needed

Following the request for IDRP data in <u>FPS Bulletin 30 – March 2020</u>, we thought it would be useful to provide clarification on the requirements of the spreadsheet. Thank you to those who have already provided a response.

Λ	U	U	ע	_ _	1	
Scheme year 2019-20		Stage 1			Stage 2	
Fire and Rescue Authority	Туре	Upheld	Overturned	Total	Upheld	Overturned
	(Add any others	(Give scheme	(Give scheme		scheme year	(Give scheme
(Select from the drop down list)	to the list)	year total)	year total)		total)	year total)
FRA drop down						
· · · · · · · · · · · · · · · · · · ·	Pensionable Pay		1			1
	III-Health	1				
	Refund		1			
	Transfer		1			
	Special Member	1				
	Contributions					
Total	5	2	3	1		1
(Please state decision maker for each stage)						
Stage 1 decision maker:						
Stage 2 decision maker:						

FRAs should complete the number of Stage 1 and Stage 2 complaints received against the categories listed within the scheme year. Categories can be added to the list as required.

The columns ask FRAs to differentiate between cases that are upheld and overturned. The complaint is always raised by the member, so if the complaint is upheld, it means that the decision maker agreed with the complainant. If it is overturned it means that the decision maker did not agree.

The final piece of information required is the decision maker(s) at each stage.

We request that FRAs complete the spreadsheet at <u>Appendix 1</u> and return this to <u>bluelight.pensions@local.gov.uk</u> by 30 April 2020.

Useful links

- COVID-19 and the FPS
- The Firefighters' Pensions (England) Scheme Advisory Board
- FPS Regulations and Guidance
- Khub Firefighters Pensions Discussion Forum
- FPS1992 guidance and commentary
- The Pensions Regulator Public Service Schemes
- The Pensions Ombudsman
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FPS Bulletin 32 - April 2020

Welcome to issue 32 of the Firefighters' Pensions Schemes bulletin.

We hope that readers remain safe and well.

The Coronavirus pandemic continues to raise queries and concerns for scheme employers and members. Our dedicated COVID-19 webpage is being updated frequently, so please check in on a regular basis.

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Contents

Contents	2
Calendar of events	3
FPS	3
Annual Benefit Statements (ABS) 2020	3
Annual Benefit Statement 2019 survey results	5
31 March 2020 scheme valuation timeline	5
Top Up grant 2020: Collection of pensions accounting data – action required	6
Ill-health retirement applications	7
It's good to talkabout pensions!	7
FPS 2015 Added Pension factsheet	8
April query log	9
Other News and Updates	9
Letter from James Brokenshire MP	9
The Pensions Ombudsman (TPO) newsletter 8	9
Pension Dashboard Programme update	9
HMRC	10
HMRC newsletters/bulletins	10
Contracting-out reconciliation update	10
Legislation	11
Useful links	11
Contact details	11
Copyright	11
Disclaimer	12

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SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

Annual Benefit Statements (ABS) 2020

Producing annual benefit statements to meet the statutory deadline of 31 August 2020 will no doubt create additional challenges while working remotely. TPR have confirmed that they "recognise that producing ABS this year could be challenging, and we'll take a pragmatic view about schemes that don't manage it by 31 August" and will be "proportionate and fair when assessing whether to take any action". However, the Scheme Advisory Board (SAB) were very encouraged by the survey results from the Annual Benefit Statement 2019 survey which shows that the production of ABS by administrators and scheme managers improves significantly year on year.

This year we recognise that there will be additional challenge in meeting members expectations on being able to communicate the outcome of the Sargeant case. While the Government have accepted the Courts' findings in the Sargeant and McCloud legal cases and are committed to treating claimants and non-claimants in the same manner, it was never going to be possible to accurately reflect the outcome of either the legal case or the current HMT informal consultation. This is because:

- a) the ongoing discussions on remedy is still confidential, and
- b) the software companies have confirmed that it will take at least 12 months to programme the software.

Nevertheless, we understand that that some members may expect the statements to reflect the legal position and may be disappointed to receive a statement that does not reflect the outcome of the legal decision.

We understand that some administrators have therefore been considering whether it would be better to remove the projections to normal pension age as they will not reflect Sargeant. While we understand the different reasons for making those decisions, it is important that members across the country receive consistent information and that a central decision is made to achieve consistency.

The SAB was asked to consider this issue and agreed that **ABS should continue to** include projections to normal retirement age (based on the current scheme rules only)¹.

The ABS should contain the caveat below, which Home Office have agreed with HMT and issued for use across all Police and Fire statements, and we have updated the template statement with this caveat accordingly:

Please note that this year's Annual Benefit Statement provides an estimate of your pension benefits accrued in your current scheme membership to 31/03/2020. Any projections on your pension entitlement are also based on the assumption that your current membership will continue until your normal pension age.

Please also note that on the 20 December 2018, the Court of Appeal ruled in McCloud/Sargeant that the transitional arrangements introduced as part of the 2015 reforms to the Firefighters' and Judges' pension scheme were discriminatory and, therefore, unlawful. The Government subsequently accepted that this ruling applied to all the main public service pension schemes and is currently working on removing this discrimination to all affected scheme members. This work is complex and will take time. For further information please see the Written Ministerial Statement from 25 March 2020: https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2020-03-25/HCWS187/

At this stage there is still uncertainty around the final approach to removing this discrimination. This means that it has not been possible to reflect the impact of the Court of Appeal ruling in this year's Annual Benefit Statements.

¹ Paper1: Annual Benefit Statements - Meeting 17 March 2020

We understand this decision may be disappointing to those who have already considered this issue, however it is important that members are treated consistently and given access to the same information. We would urge you to review that decision in light of this statement.

The <u>ABS templates and notes</u> have now been published and we have taken the opportunity to hold the annexes for the statement notes separately as per the decision taken by the Fire Communications Working Group (FCWG).

We will also look to convene a meeting of the FCWG as soon as possible to agree how we will distribute the message to members that this year's statements will continue to project based on current scheme rules.

Annual Benefit Statement 2019 survey results

Between 29 November 2019 and 6 January 2020, FRAs and administrators were invited to complete separate web-based surveys to measure the success of the ABS process in 2019.

During this time 33 FRA and 36 administrator responses were received in respect of the 45 FRAs in England, equating to an overall response rate of 73% and 80% respectively. The results of the survey have now been collated and analysed, and we are pleased to present the final <u>research report</u>.

Individual FRA submissions have been exported and can be provided to the relevant organisation on request.

The survey will continue to be run on an annual basis following the end of each ABS cycle.

The <u>LPB Effectiveness Committee</u> would like to thank all that were able to submit a response for their participation in the survey, and for continuing to support the work of the SAB. The recommendations within the report will now be taken forward with the support of the Committee and the SAB.

31 March 2020 scheme valuation timeline

The Government Actuary's Department (GAD) have provided the following statement on their expectations on when the valuation data will be requested, confirming that the expected timeline will give administrators until 31 December 2020 to complete the data request.

"In order to spread the work on processing and checking the valuation data GAD have divided the public sector pension schemes into clusters, each of which has a different date when we expect the data to be returned. Both Fire England and Police England & Wales fall into the second cluster which has a date of 31 December 2020 for expected delivery of data.

We will hopefully be sending out the data collection tool and user guides in May which will allow administrators to see the format we expect the data to be returned in (very similar to prior years) which should help them plan the collection exercise. If the tool is delivered in May that will give administrators 7 months to prepare and return the data.

Note that the release of the data tool is not an indication to administrators that we need it completed and returned immediately and we will communicate the timeframes when we provide the tool. However, given current circumstances it may be reassuring for the Home Office to communicate to administrators the 31 December deadline which may help to relieve some worries they currently have.

We are continuing to monitor the situation surrounding COVID-19 and work required during and after the lockdown period and will update timelines if it becomes necessary."

Top Up grant 2020: Collection of pensions accounting data – action required

On 8 April 2020, the Home Office sent an email to Claim Certifiers (and Claim Administrators) to advise that FRAs should now all be working towards submitting audited 2018/19 and unaudited 2019/20 pensions income/expenditure data as part of this year's top up grant claim. To reiterate, this year's pension accounting data will need to be submitted on the DELTA online data collection system. Notification will be sent via DELTA when the forms go live.

ACTION: In addition to the pensions income/expenditure data that you will be submitting on DELTA, the Home Office are also requesting that all FRAs provide by email, electronic copies of the trial balances from audited accounts where the pensions income/expenditure data was extracted for completion of the audited 2018/19 DELTA return, to include any post balance sheet adjustment events. These should be sent to Anthony.Mooney@homeoffice.gov.uk.

Please note that this information is needed by **Friday 15 May** to enable the relevant checks to be undertaken (and seek further clarification from FRAs where necessary) in time to make the next batch of grant payments in July. The Home Office appreciate that FRAs may be under workforce pressures at present dealing with the response to COVID-19 and can consider extending the deadline, where needed. However, they do want to avoid any delays in paying the grant.

The Home Office will only be able to make Top Up grant payments on any claims that they can validate as being correct and, as such, failure to provide the requested information, or the submission of incomplete information, will delay any grant payments due in July.

Please also note that a number of automatic comparison checks have been incorporated on the data that you submit on DELTA with the data that you previously submitted. The automatic checks include:

- a cross-reference check on the audited 2018/19 pension income/expenditure data with the unaudited 2018/19 pension income/expenditure data submitted last year by each FRA. This level of check will be necessary as it will be the last chance to identify errors before the period falls outside the Top Up grant's 3 year financial cycle; and
- a cross-reference check on the unaudited 2019/20 pension income/expenditure data with the updated forecast 2019/20 pensions income/expenditure data (submitted by each FRA in September 2019).
- If the variances breach certain tolerance levels, then the DELTA form will request a short explanation to explain the difference before the form can submitted.

Please contact Anthony.Mooney@homeoffice.gov.uk if you have any questions.

III-health retirement applications

Our colleagues on the pensions team recently contacted the Association of Local Authority Medical Advisers (ALAMA) regarding inconsistency in the approaches taken by IQMP providers during the COVID-19 crisis.

ALAMA confirmed that the following instruction has been posted to their website:

"During the current COVID-19 crisis, it is important to continue to progress ill health retirement applications. It is also particularly important that assessments remain fair and reasonable, and that should include requesting GP and specialist reports as required. There has never been a requirement for these assessments to be face to face, therefore paperwork reviews, with telephone clarification if needed, is the most appropriate way to progress these.

If it is not possible to get reports, an assessment should be based on whether reports are likely to influence your decision further, and whether you have enough objective evidence to make an opinion. Opinions should always be 'on balance of probability'. There will be times when you simply don't have sufficient objective evidence to support ill health retirement, and you have been unable to get clinical reports. You should suggest that the applicant request copies of clinical reports direct from their GP."

It's good to talk...about pensions!

We hope everyone is well and continuing to stay safe at this time. As social distancing measures are likely to stay in place for some time and it is likely we won't see each other in person for a while we are going to start running an online coffee morning every second Tuesday at 11am to allow a catch up between colleagues and ourselves.

The session will last an hour and be facilitated by Zoom in the first instance, if you would like to join please email bluelight.pensions@local.gov.uk and we will forward the Zoom link and password. Please note sessions should not be recorded.

These sessions are informal and should not be construed as legal advice.

No responsibility whatsoever will be assumed by LGA or their partners for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information shared in these sessions.





Brew and a Chat

 Come and join us every second Tuesday at 11am for a chance to catch up with colleagues starting 5 May

Invitation only: Please email

bluelight.pensions@local.gov.
to be sent your zoom link
and password.



FPS 2015 Added Pension factsheet

A new factsheet on <u>FPS 2015 Added Pension</u> has been published on the <u>factsheets</u> tab of the FPS Regulations and Guidance website.

This factsheet has been prepared by the FCWG to provide information and examples to members who may be interested in buying added pension. The factsheet includes an application form for a quote request.

GAD have recently issued revised <u>factors and guidance</u> for administrators to process the purchase of additional pension.

April query log

The current <u>log of queries and responses</u> is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in April.

Other News and Updates

Letter from James Brokenshire MP

On 23 April James Brokenshire, the minister for State of Security, issued a letter by email to the National Fire Chiefs Council (NFCC) and the Fire Services Management Committee (FSMC) on <u>reducing burdens and supporting the fire sector through the current COVID-19 emergency</u>.

This letter supports the work that is being done nationally to deal with coronavirus (COVID-19). It outlines a number of ways in which the government is seeking to further support local services in this challenging period.

The Pensions Ombudsman (TPO) newsletter 8

TPO have published <u>Issue 8 – April 2020</u> of their stakeholder newsletter.

The newsletter includes an introductory message from Anthony Arter on how TPO are meeting the challenges presented by COVID-19, an update on appeals, and information on the redevelopment of the TPO website.

Earlier communications from TPO and a full history of determinations in relation to FPS are held on our <u>TPO webpage</u>.

Pension Dashboard Programme update

The Pension Dashboard Programme (PDP) was established by the Money and Pensions Service (MaPS) in July 2019. The aim of the PDP is to establish a pension dashboard service to allow the 52m in-scope adults within the UK to view information about all of their pension benefits, in a secure online environment.

This month the PDP have issued the first of their planned six-monthly progress reports setting out their broad approach to delivering the Programme and outlining priorities for the next six months.

PDP progress update report – April 2020

A key element of the Programme is the development of data standards. The following working papers have been issued alongside the progress report to describe the PDP's current thinking on data requirements for dashboards.

<u>Data scope</u>: setting out options for achieving early coverage across all pension sectors.

<u>Data definitions</u>: listing the set of data items that could be included in the dashboards data standards.

Industry consultation is expected to take place later in the year.

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 119 containing important updates and guidance on pension schemes. The following issues are covered:

Pension schemes newsletter 119 – 30 April 2020

- temporary changes to pension processes as a result of coronavirus (COVID-19)
- re-employment in response to the coronavirus (COVID-19) outbreak
- pension scheme returns for 2019 to 2020
- benefits crystallisation event 1 and valuing sums and assets held within a registered pension scheme
- other pension scheme valuations
- pension flexibility statistics
- registration statistics
- annual allowance calculator
- managing pension schemes service timeline update
- unauthorised payments operating the mandating procedure
- Gibraltar and the overseas transfer charge

Also published this month:

Managing Pensions Schemes service newsletter – 1 April 2020

HMRC have launched the Accounting for Tax (AFT) return on the Managing Pension Schemes service from 1 April 2020. Any pension scheme registered through the Managing Pension Schemes service can now start to compile AFT returns on the service for the quarter 1 April – 30 June 2020

Contracting-out reconciliation update

On 1 April 2020 HMRC published <u>Countdown bulletin 52</u> to inform administrators that the deadline for the issue of final data cuts must be extended while work is reprioritised in response to the Coronavirus outbreak.

HMRC are aiming to publish a final timeline by the end of April 2020

Legislation

SI Reference title

2020/372 The Automatic Enrolment (Earnings Trigger and Qualifying Earnings

Band) Order 2020

Useful links

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- FPS Regulations and Guidance
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FPS Bulletin 33 - May 2020

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Contents

Calendar of events	3
Actions arising	3
FPS	3
Age discrimination update	3
Protected Pension Age - HMT extension	5
Claims for refunds of NICs - FPS 2006 special members - reminder	5
Website and resources update	5
IDRP guidance	6
May query log	6
FPS England SAB updates	6
COVID-19 FPS governance survey	6
Local Pension Board Knowledge Hub forum	7
SAB policies	7
Other News and Updates	7
LGA LGPS pensions team	7
Events	8
FPS coffee mornings	8
Annual Local Pension Board wrap-up training 2020	9
HMRC	9
HMRC newsletters/bulletins	9
Contracting-out reconciliation update	9
Useful links	10
Contact details	10
Copyright	10
Disclaimer	11

Calendar of events

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Table 1: Calendar of events

Event	Date
FPS coffee and catch up	Every second Tuesday – next event 2 June 2020
Local Pension Board wrap-up training	10 June 2020
Virtual SAB	11 June 2020
Virtual South West & Wales FPOG	17 June 2020
Local Pension Board wrap-up training	8 July 2020
South East regional FPOG	27 July 2020 (TBC)
SAB	17 September 2020
SAB	10 December 2020

Actions arising

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

NIC refunds for FPS 2006 special members – scheme manager to ensure that form APSS155b has been completed and returned to HMRC.

<u>COVID-19 governance survey</u> – scheme manager and/ or Local Pension Board chair to complete online survey by 30 June 2020.

<u>LPB wrap-up training 2020</u> – book places for pension board members wishing to attend.

FPS

Age discrimination update

We are conscious that it has now been six months since the tribunal determination in the Sargeant case for age discrimination and as yet we have been unable to provide further information on what to expect. The position at the moment remains as per <u>FPS Bulletin 28 - January 2020</u> that all entitlements including immediate ones should remain under the existing rules for the time being.

We understand that this position will no doubt be disappointing and frustrating to members. In order to reassure them it may help to confirm that the Government accepted the Courts' findings in the Sargeant and McCloud legal cases and are committed to treating claimants and non-claimants in the same manner. However, the discussions on remedy are ongoing and the guidance required for processing immediate cases is still not available. The need for this information to be made available as soon as possible is frequently highlighted to the Home Office and HM Treasury.

We understand from <u>written statement HCWS187</u> that initial proposals are to return members to their former final salary scheme for the 'remedy period', but to offer a choice to the member, including those who were deemed protected in the final salary scheme, to receive benefits based on the current Career Average Revalued Earnings (CARE) scheme if it is better to do so. At this stage it is not clear when the end of the 'remedy period' will be, however, it is not expected to be before 2022, as the current working assumption is that it will take three years to bring in these proposals.

As yet we do not know when the member might make the choice. We understand that this could be either:

- 1. At the end of the remedy period, this will be the same time right across public sector, or,
- 2. At the members retirement age.

We appreciate that those who are retiring in the more immediate future may want more certainty over their benefits. The Scheme Advisory Board (SAB) <u>requested</u> <u>data on immediate events</u> from each Fire and Rescue Authority (FRA) in order to highlight the number of immediate cases that cannot be progressed because of a lack of guidance. Unfortunately, only 28 of the 45 English FRAs responded to this request, despite an extension to 16 March 2020.

The information we did receive was used in a <u>paper to the SAB</u> and subsequently supplied to government to highlight the number of immediate cases faced and the necessity for guidance to be supplied. We are continuing to actively push for that guidance as soon as possible.

Our understanding is that if firefighters retire before remedy has been applied to the schemes, they will remain eligible for their position to be remedied retrospectively and benefits recalculated if necessary. The <u>Sargeant factsheet</u> released by the Home Office stated that individuals will keep benefits they have accrued regardless of changes needed to remove discrimination.

In the meantime, it is important that FRAs ensure they are ready to remedy the benefits once this guidance is available and we want to take the opportunity to remind you of our guidance on ill-health cases in <u>FPS Bulletin 28 - January 2020</u> to ensure that you have an IQMP decision under both schemes if necessary.

Protected Pension Age - HMT extension

As previously confirmed in the <u>written statement HCWS196</u>, the protected pension age tax rules were temporarily relaxed for the period 1 March to 1 June 2020 for those returning to work as a result of COVID-19. We understand that a further extension on this relaxation has been sought, but there has been no further update on this at present. We will provide an update as soon as it is available.

Claims for refunds of NICs - FPS 2006 special members - reminder In FPS Bulletin 29 – February 2020 we advised that HMRC had recently written to all FRAs to request completion of form APSS155b in order to backdate their FPS 2006 scheme contracting-out certificate to 6 April 2000.

This was to allow HMRC to correct contracted-out status and process the refund of National Insurance Contributions (NICs) for individuals who elected to become special members of the scheme. Additionally, in some cases, HMRC informed FRAs that they did not currently have a valid contracting out certificate for FPS 2006 and this would first need to be applied for and then backdated.

HMRC have since advised that they have only received a small proportion of completed forms from Authorities. Therefore, if you are aware that your FRA has not returned form APSS155b, please arrange for this to be done at the earliest opportunity.

Any queries regarding the form can be sent to ipdtechnicalteam.nationalinsurance@hmrc.gov.uk

Website and resources update

As we are all getting used to a new way of working, more virtually and with less time spent "on the road", we have taken the opportunity to develop some additional webbased resources and update some of our existing material.

New additions to the <u>Firefighters' Pension Schemes Regulations and Guidance</u> website include:

<u>Related legislation</u>. This page collates legislation that has general or consequential impact on the FPS, such as relevant Acts and Automatic Enrolment legislation.

<u>GAD factor table and guidance note cover sheet</u>. This PDF document provides a summary of the most recent factors and guidance notes provided by the Government Actuary's Department (GAD).

HM Treasury reduced the SCAPE discount rate from 2.8% to 2.4%pa above CPI from 29 October 2018. As a result of the change, GAD undertook a <u>factor review</u> for the Firefighters' Pension Schemes. The revised factors were provided by email to FRAs, during 2018-19, with a <u>consolidated workbook</u> of factors in October 2019.

Events. Details of events facilitated by the LGA Bluelight pensions team can be found in this section, which has been moved from the <u>SAB website</u>. It includes booking for any forthcoming events and presentations of past events.

The following pages have been added to the member-restricted section of the Regulations and Guidance site. If you require log-in details for this area, please email bluelight.pensions@local.gov.uk.

<u>Firefighter pay scales</u>. This page contains firefighter pay scales dating back to 1977. These documents have been provided to assist practitioners who may need to access historic pay settlement information.

<u>Videos and webinar recordings</u>. This page has been created to host training and informational videos created by the LGA Bluelight team, as well as webinar recordings. A further password may be required to view the videos.

IDRP guidance

Following on from our article in <u>FPS Bulletin 30 – March 2020</u>, we are pleased to let you know that the SAB have approved the updated <u>informal IDRP guidance</u> which has now been published to our <u>factsheets</u> page.

Readers may also be interested in the <u>outcomes of the recent IDRP data collection</u>, which were presented to the Board in May.

May query log

The current <u>log of queries and responses</u> is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in May.

FPS England SAB updates

COVID-19 FPS governance survey

Thank you to those that took the time to complete our COVID-19 and the FPS administration resilience survey – we had a great response and your input has helped us raise the important issues with the Government and the Pensions Regulator, and tailor the support and guidance we provide.

We would now like to hear from you on how the current situation is impacting the governance of the Firefighters' pension schemes. Please complete the <u>COVID-19</u> <u>FPS governance survey</u> – it should take around 10 minutes. We are happy to accept multiple responses per FRA; ideally we would like to hear from the scheme manager and/ or Local Pension Board chair.

As our distribution lists do not yet extend to delegated scheme managers, please forward this request as appropriate.

The survey will remain open until 30 June 2020.

Local Pension Board Knowledge Hub forum

We would like to let readers know that all resources held in the above forum have been moved to either www.fpsboard.org - the dedicated website of the Firefighters' Pensions (England) Scheme Advisory Board, or www.fpsregs.org - the FPS regulations and guidance site.

This forum has now been closed and all group members have been informed by email.

Our other KHub group <u>The Firefighters Pensions Discussion Forum</u> will remain open as an archive resource.

Please contact bluelight.pensions@local.gov.uk if you have any questions.

SAB policies

The following policies have recently been uploaded to the SAB website:

- Code of conduct
- Conflict of interest
- Knowledge and understanding

Other News and Updates

LGA LGPS pensions team

We are very pleased to welcome a new pensions adviser to the LGPS pensions team. Steven Moseley joined the team from LPP on 27 April 2020. Steven will be the lead contact for LGPS Scotland but will also be working on LGPS England and Wales.

Events

FPS coffee mornings

We hope everyone is well and continuing to stay safe at this time. As social distancing measures are likely to stay in place for some time and it is likely we won't see each other in person for a while we have started running an online coffee morning every second Tuesday at 11am to allow a catch up between colleagues and the LGA Bluelight team.

We have held two successful sessions to date, with the next event scheduled to take place on 2 June 2020.

The sessions last up to an hour and have so far been facilitated by Zoom. As some organisations do not allow access to Zoom, the next session will be available in Microsoft Teams.

If you would like to join us, please email <u>bluelight.pensions@local.gov.uk</u> and we will forward the meeting link and any password needed.

Please note that sessions should not be recorded. These sessions are informal and should not be construed as legal advice.



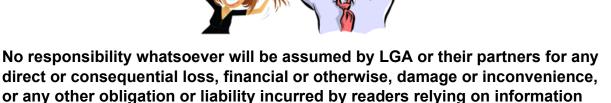


Brew and a Chat

 Come and join us every second Tuesday at 11am for a chance to catch up with colleagues starting 5 May

Invitation only: Please email bluelight.pensions@local.gov.uk
to be sent your zoom link and password.

shared in these sessions.



Annual Local Pension Board wrap-up training 2020

We are once again running our popular annual Local Pension Board (LPB) wrap-up session, for board members who are either new to the board or those wanting an opportunity to refresh themselves on the principles of governance for the Firefighters' Pension Schemes. <u>Details of our previous wrap-up sessions can be found here</u>.

We are delighted to welcome Nick Gannon from TPR who will be joining us for a session on last year's TPR governance and administration survey results; you may wish to read the <u>six key processes factsheet</u> to refresh yourselves on the processes that TPR monitors

We are running this session via Zoom across two dates: 10 June and 8 July, from 11:00 until 13:30, please <u>click to view the full agenda</u>.

If you would like to participate please click the relevant link below:

Request a place on the LPB wrap-up training 10 June 2020

Request a place on the LPB wrap-up training 8 July 2020

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 120 containing important updates and guidance on pension schemes. The following issues are covered:

Pension schemes <u>newsletter 120 – 27 May 2020</u>

- temporary changes to pension processes as a result of coronavirus (COVID-19)
- relief at source and the suspension of the process for applying for a National Insurance number
- submitting the APSS107 Registered pension schemes annual statistical return without a signature
- contacting HMRC's Pension Schemes Services
- relief at source annual return of information for 2019 to 2020
- relief at source small changes to the APSS107 Registered pension schemes annual statistical return

Contracting-out reconciliation update

On 28 May 2020 HMRC published <u>Countdown bulletin 53</u> to inform administrators that they plan to issue all final data cuts by the end of July 2020.

Administrators are advised to check the GMP amounts provided against their records and use the online GMP checker where the amounts cannot be reconciled.

Useful links

- The Firefighters' Pensions (England) Scheme Advisory Board
- FPS Regulations and Guidance
- Khub Firefighters Pensions Discussion Forum
- FPS1992 guidance and commentary
- The Pensions Regulator Public Service Schemes
- The Pensions Ombudsman
- HMRC Pensions Tax Manual
- LGA pensions website

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