

Due to the current heightened security level at all our premises, Members are reminded to wear their identity badges whilst attending meetings. Any visitors must produce photographic identification at Reception.

FIRE & RESCUE AUTHORITY SUMMONS

SOUTH WALES FIRE & RESCUE AUTHORITY

You are required to attend a meeting of the Local Pension Board Committee to be held on:

Monday, 4 July 2022 at 1000 hours

**In person at South Wales Fire & Rescue Service Headquarters,
Forest View Business Park, Llantrisant, CF72 8LX**

or

Remotely via MS Teams - <https://bit.ly/Local-Pension-Board-Committee-04-07-22>

Please ensure you join the meeting 15 minutes prior to meeting time

**Any issues please contact
01443 232000 and ask for Member Services**

A G E N D A

1. Apologies for Absence
2. Roll Call
3. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

4. Chairperson's Announcements

- | | | |
|----|--|---|
| 5. | To receive the minutes of; | |
| | <ul style="list-style-type: none"> • Local Pension Board Committee held on Monday 31 January 2022 | 5 |

REPORTS FOR DECISION

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| 11. | New Members Training Session: Members Handbook, Terms of Reference, Toolkit – To be presented verbally on the day | 153 |
| 12. | Forward Work Programme for Local Pension Board 2022/2023 | 155 |
| 13. | To consider any items of business that the Chairperson deems urgent (Parts 1 or 2) | 161 |

Signature of Monitoring Officer:



MEMBERSHIP

Councillors:

J	Morgan	Blaenau Gwent
C	Elsbury	Caerphilly
D	Naughton	Cardiff
P	Drake	Vale of Glamorgan
R	Prendergast	Association of Principal Fire Officers
S	Saunders	Fire Brigades' Union
D	King	FRSA

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SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE LOCAL PENSION BOARD COMMITTEE MEETING HELD ON MONDAY, 31 JANUARY 2022 VIA STARLEAF

26. PRESENT

Councillor

S Bradwick (Chair)	Rhondda Cynon Taff
L Brown	Monmouthshire
V Smith	Monmouthshire
D White	Bridgend
D King	Fire & Rescue Service Association
R Prendergast	Association of Principal Fire Officers
S Saunders	Fire Brigade's Union
G Tovey	Fire Brigades' Union
Catherine Black	Pension Service Manager, Rhondda Cynon Taff CBC

Apologies

M Alexander	Fire Brigades' Union
Mr I Traylor	Pensions Service Director, Rhondda Cynon Taff CBC

OFFICERS PRESENT:- ACO A Reed – Director of People Services, Mr C Barton – Treasurer, Mr G Thomas – T/ACO – T/Director - Corporate Services; Mrs K Jeal –Accountant, Pensions & Budget Team

27. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

28. CHAIR'S ANNOUNCEMENTS

Welcome

The Chair welcomed Catherine Black, Pension Service Manager to the meeting and thanked her for stepping in and representing Ian Traylor.

Queen's New Year's Honours List

The Chair wished to give recognition to former Fire Authority Member Councillor Maureen Powell of Monmouthshire CC for being awarded the British Empire Medal on the Queen's New Year's Honours List. Members wished to pass on their congratulations to Councillor Powell.

29. MINUTES OF PREVIOUS MEETINGS

The minutes of the Local Pension Board Committee held on 18 October 2021 were read and accepted as a true record of proceedings.

30. REPORT TO REVIEW KEY PERFORMANCE INDICATORS AND UPDATE REPORT ON PUBLICATIONS OF ANNUAL BENEFITS STATEMENT

The Pension Service Manager advised Members that the Service Level Agreement (SLA) between South Wales Fire & Rescue Service and Rhondda Cynon Taff County Borough Council sets out the manner in which certain duties and responsibilities are expected to be carried out. A key element of the SLA is the reporting on actual performance activity against the agreed key delivery Service Standards. The report presented included an update on key activity undertaken during the reporting period including performance data for the period 1 April 2021 to 31 December 2021.

RESOLVED THAT

- 30.1 Members noted the performance data included at Appendix 1 attached to the report.
- 30.2 Members noted the relevant pension administrative overview and update included at Appendix 2 attached to the report.

31. FIREFIGHTER PENSIONS – REMEDYING AGE DISCRIMINATION

The Director of People Services reported to Members that in July 2021, the Fire & Rescue Authority, as Scheme Manager, agreed to provide pension options for those individuals who were considered to be in scope for Immediate Detriment (ID), as described in the formal Home Office guidance issued on 10 June 2021. On 8 October 2021 a formal Memorandum of Understanding (MoU) between the Local Government Association (LGA) and the Fire Brigade's Union (FBU) was published and expanded the scope for processing ID cases. Since then, the Home Office guidance has been withdrawn and HM Treasury has published a formal

note in relation to processing cases. A joint statement by the LGA and FBU has also been published. This report was presented to the Fire & Rescue Authority meeting in December 2021, and is shared for information.

RESOLVED THAT

- 31.1 Members noted the content of the report.
- 31.2 Members agreed that work should continue on Immediate Detriment cases as previously agreed, and that work should commence to fully adopt the MoU.
- 31.3 A further report to be presented to Members at the February 2022 Fire and Rescue Authority meeting.

32. THE PENSION'S REGULATOR RETURNS

The Director of People Services provided a report on the completed public service pension scheme returns that were submitted to the Pensions Regulator in relation to the 1992, 2007 and 2015 Firefighters' Pension Schemes.

RESOLVED THAT

- 32.1 Members noted the returns which were shared for information and awareness purposes.

33. PUBLICATIONS, UPDATES, INFORMATION (STANDARD ITEM)

The Director of People Services presented and shared a number of publications, updates and information relating to pensions matters with the Board.

RESOLVED THAT

- 33.1 Members reviewed and noted the publications which were shared for information and awareness purposes.
- 33.2 Future publications be circulated via an electronic link format, in place of hard copies.

34. UPDATE REPORT FROM SCHEME ADVISORY BOARD (SAB)

The Director of People Services provided an update following the SAB meeting held on 4 November 2021. The discussion focussed on:

- The Public Service Pensions and Judicial Offices Bill had been introduced to the House of Lords in July 2021.
- The Bill required responsible authorities to make the necessary changes to firefighter pension scheme rules, Welsh Ministers were subsequently required to introduce two sets of regulations.
 - Firstly, Prospective Regulations were required to be introduced by 30 March 2022, in order to transfer “protected members” into the 2015 Scheme as of 1 April 2022.
 - Regulations to implement retrospective remedy would be introduced by October 2023.
- The Welsh Government had published its consultation on the proposed amendments to the 2015 Scheme on the 25 October, together with a copy of the draft amending prospective regulations which modified the transitional provisions in the 2015 scheme to transfer “protected members” into the 2015 scheme as of 1 April 2022. A written response had been provided by the Service and will be circulated to LPB Committee Members separately. A working group has been established and Kim Jeal has been nominated to sit on that group.
- The final results of the evaluation of 2016 pensions is expected to reflect previous discussions at SAB, with no significant changes.

The next SAB meeting is scheduled to take place in February.

RESOLVED THAT

Members noted the update provided on the Scheme Advisory Board.

35. FORWARD WORK PROGRAMME FOR LOCAL PENSION BOARD 2021/2022

The Director of People Services presented the Forward work Programme for 2021/2022.

RESOLVED THAT

35.1 Members noted the content of the Forward Work Programme for 2021/2022.

35.2 Members agreed to the postponement of Member training which will be re-scheduled during the new municipal year.

36. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRPERSON DEEMS URGENT (PART 1 OR 2)

There were no items of business that the Chair deemed urgent.

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6
4 JULY 2022

LOCAL PENSION BOARD COMMITTEE

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

SCHEME PAYS REVIEW**THIS REPORT IS FOR DECISION**

REPORT APPROVED BY THE ACO PEOPLE SERVICES

REPORT PRESENTED BY ACO PEOPLE SERVICES ALISON REED

SUMMARY

This report reviews the current "Scheme Pays" arrangements and invites Local Pension Board Members to undertake a review of the current procedure and make recommendations to the Fire Authority, as Scheme Manager.

RECOMMENDATIONS

That Members review the current procedure and make recommendations to the Fire Authority, as Scheme Manager. Appendix 1 contains the current procedure. Appendix 2 includes proposed changes, which are shown in red font.

1. BACKGROUND

- 1.1 HMRC's Annual Allowance Limit ('AA Limit') is a limit to the total amount that an individual's pension savings can grow in a defined benefit pension scheme each year, for tax relief purposes. If the AA Limit is not reached in a particular tax year, the unused allowance can be carried forward to later tax years.
- 1.2 If the AA Limit is exceeded in a particular tax year, and the individual has no unused annual allowance to carry forward from the previous three tax years, they will be subject to an Annual Allowance Tax Charge ('AA Tax Charge').
- 1.3 The individual can pay the AA Tax Charge from their own personal finances. However, pension schemes must provide a scheme pays facility, known as a Mandatory Scheme Pays ('MSP') arrangement, where qualifying conditions are met.

- 1.4 If the individual does not meet the conditions for MSP to apply, they may be able to apply to use a Voluntary Scheme Pays ('VSP') arrangement instead.
- 1.5 A scheme pays facility works by having the pension fund pay the AA Tax Charge initially. The tax charge is repaid by the member once their pension comes into payment, by way of a reduction in their pension benefits.
- 1.6 South Wales Fire & Rescue Authority through its Pensions Administrators, RCT Pensions, have in place MSP provisions. The Fire Authority introduced a VSP procedure on 1 April 2019.
- 1.7 The current Scheme Pays Procedure can be found at Appendix 1. Appendix 2 provides a revised draft which reflects current HMRC guidance. Proposed changes are shown in red font.
- 1.8 **Mandatory Scheme Pays** applies where a scheme member has made a request and:-
- Pension savings growth in the Scheme exceeds the HMRC standard AA limit during the tax year; and
 - An AA tax charge exceeding £2,000 has been triggered.
- 1.9 **Voluntary Scheme Pays** is where an employer can choose to introduce a scheme pays arrangement with different triggers or thresholds than those in the mandatory scheme (the tax being recovered later through a reduction in pension benefits). Due to the introduction of the 2015 Firefighters' Pension Scheme and changes to tax rules on tapered AA, some scheme members are no longer eligible for MSP but still face the burden of having to pay tax upfront. The burden of meeting these upfront tax charges could be covered by a VSP arrangement.

2. ISSUES

- 2.1 There are no issues to report. The proposed changes to the Scheme Pays procedure reflect HMRC guidance. The area of significant change is in relation to VSP which reflects HMRC guidance and subsequent discussions with RCT Pensions in relation to the practical elements of VSP.

3. IMPLICATIONS

3.1 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	No
Socio Economic Duty	No
Sustainability/Environment/Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

3.1.1 There are no additional financial issues arising as a result of this report.

3.2 Regulatory, Strategy and Policy

Legal	No	Data Protection / Privacy	No
Financial	No	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	No
Corporate Risk	No	Service Policy	No
Information Management	No	National Policy	No

3.3 Resources, Assets and Delivery

Human Resource and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	No

4. EVALUATION & CONCLUSIONS

4.1 An Equality Risk Assessment has been undertaken to assess the potential impact of this report. The assessment concluded that there were no immediate or long term adverse impacts on any individual or group of personnel arising from this particular report.

5. RECOMMENDATIONS

- 5.1 That Members review the current procedure and make recommendations to the Fire Authority, as Scheme Manager. Appendix 1 contains the current procedure. Appendix 2 includes proposed changes, which are shown in red font.

Contact Officer:	ACO Alison Reed Director of People Services
Background Papers	Appendix 1 – Current SWFRS Scheme Pays Procedure Appendix 2 – Proposed new SWFRS Scheme Pays Procedure

OP-02.001C, Firefighters' Pension Schemes – Scheme Pays procedure

Document Information

Security Classification	Not protectively marked
Document Owner	Head of HR
(M33C) Date Last Review Published Category of amendment Completed by	N/A First Issue
(M33A/Factual) Date Last Amendment Published Category of amendment Completed by	16 April 2019 New procedure Alison Reed ACO People Services
Date of Next Review	2nd Quarter 2022
Notes	

In Case of Query Contact	Pensions Liaison Officer
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4 Annual Allowances	3
5 Mandatory Scheme Pays	3
6 Voluntary Scheme Pays	4

1 Introduction

- 1.1 Scheme Pays is a mechanism that permits an individual to ask the Scheme Manager of the pension scheme that they are a member of to pay any tax charge due in relation to an excess of pension savings above Her Majesty's Revenues & Customs (HMRC) standard Annual Allowance limit. In return, there is a reduction in pension benefits when the individual's pension comes into payments.
- 1.2 There are two types of Scheme Pays, Mandatory and Voluntary, and each has its own qualifying conditions and timescales that must be satisfied.
- 1.3 An individual will need to advise HMRC if they plan to use Scheme Pays. The process for applying for Scheme Pays is detailed below.

2 Corporate Policy

- 2.1 This organisational procedure supports Corporate Policy 02, Our People.

3 Scope and Applicability

- 3.1 This procedure is applicable to Wholetime Personnel and On-Call Personnel working the Retained Duty System.
- 3.2 All employees are required to adhere to this procedure. Employees should note that any breaches of this procedure may lead to disciplinary action. Serious breaches of this procedure may constitute gross misconduct and lead to dismissal. Please refer to our disciplinary procedure OP-02.007 for further information.
- 3.3 South Wales Fire and Rescue Service supports an environment of mutual respect and equality of opportunity. In accordance with the Equality Act (2010), this document has been Equality Risk Assessed to ensure all Protected Characteristics are considered. Should an employee perceive that an adverse impact does exist, it is their responsibility to bring it to the attention of the Diversity Officer. This document also complies with other relevant legislation.

4 Annual Allowances

- 4.1 Each taxpayer has a standard Annual Allowances set by Her Majesty's Revenues and Customs (HMRC), it is a tax allowance against which pension savings must be tested against the pensions savings account during the Scheme's 'pension input period' without incurring a tax liability.
- 4.2 A tax liability may be incurred if the individual's annual pension savings growth, across all pension schemes to which they contribute, exceeds the Annual Allowances, which is currently set at £40,000 per year. Within the HMRC rules the Annual Allowance of £40,000 per year can accumulate over a three year period and be used to offset against any tax liability in year.
- 4.3 Changes to the Annual Allowances, known as tapering, resulted in the Annual Allowance for high earning individuals reducing to a minimum of £10,000 from April 2016.

5 Mandatory Scheme Pays

- 5.1 An individual who exceeds their Annual Allowance and incurs a tax charge, can pay the tax from their own personal finances. However, the Finance Act 2004 provides that a pension scheme must provide a 'Scheme Pays' facility where certain qualifying conditions are met. A scheme pays facility works by having the pension fund pay the members' tax charge initially, which is then repaid by the member through a reduction in their pension benefits once they come into payment until the pension ceases on death.
- 5.2 The qualifying criteria for Mandatory Scheme Pays are:
 - The HMRC Annual Allowance limit (currently £40,000) has been exceeded in the pension scheme that the scheme pays election is made.
 - The Annual Allowances tax charge exceeds £2000.
 - The relevant time limits for making an election have been met.
- 5.3 The Fire Authority must agree to a Mandatory Scheme Pays election where the qualifying conditions are met and Mandatory Scheme Pays has been used in the Firefighters' Pension Schemes since 2012.
- 5.4 Due to HMRC introducing 'tapering' of the £40,000 Annual Allowance from the 2016/2017 tax year, there are now circumstances where a firefighter does not have the right to make a Mandatory Scheme Pays election for the tax relating to the difference between the 'tapered' (a minimum of £10,000) Annual Allowance, and the standard £40,000 Annual Allowance. In such circumstances, the additional tax liability could be covered by a Voluntary Scheme Pays arrangement, which is common practice in other pension schemes.

- 5.5 Furthermore, scheme members who built up pension savings in more than one scheme (e.g. members of the 1992 Scheme or 2007 Scheme who transition to the 2015 Scheme), will have savings grow in both schemes until retirement. By virtue of accruing pensions growth across two rather than in one scheme, there is an increased likelihood that although a scheme member's total pension savings growth across both schemes might exceed £40,000, or a 'tapered' Annual Allowance, the savings growth in any one of the schemes may fall short of HMRC Annual Allowance limits. In view of this, Mandatory Scheme Pays will not be available to the individual to pay the tax charge.
- 5.6 The timescales for Mandatory Scheme Pays are set out below:

Action	Deadline Date
Tax Year ends	5 April
Employer provides Scheme Administrator with accurate pay figures	30 April
Scheme Administrator provides Pension Savings Statement to member	6 October
Member submits on-line Self-Assessment Tax Return stating how Annual Allowance tax will be paid to HMRC	31 January
Member Mandatory Scheme Pays election deadline (or by retirement if earlier). Otherwise tax due to HMRC by previous 31 January	31 July
Mandatory Scheme Pays – Scheme Administrator submits Event Report to HMRC	31 January
SWFRA pays tax to HMRC	14 February

6 Voluntary Scheme Pays

- 6.1 Voluntary Scheme Pays works in the same way as Mandatory Scheme Pays whereby the tax liability is initially paid by the pension scheme and the cost recovered by a reduction to the individual's annual pension when it comes into payment.

6.2 The automatic qualifying criteria for Voluntary Scheme Pays are:

- Transitional members with pension growth of over £40,000 across both schemes and a corresponding tax charge, to use the scheme to pay this cost initially, in return for a reduction in the members pension benefits.
- Members subject to a tapered AA, to use the scheme to pay their tax charge initially and then this to be repaid via a pension debit. For this option, the member is required to make an initial contribution of £2,000 from their own finances towards the resultant AA tax charge.
- Members may face a tax charge without being able to access the MSP facility because the deadline for doing so has passed, and they can justifiably argue it was not their fault.

6.3 Circumstances, where the use of the VSP procedure **will not** be applicable are:

- The relevant deadline for MSP has been missed. The failure to meet the deadline ultimately rests with the scheme member themselves.
- The fault that relevant deadlines were missed cannot be attributable to the Fire Authority.

6.4 The timescales for Voluntary Scheme Pays are set out below:

Action	Deadline Date
Tax Year ends	5 April
Employer provides information to Scheme Administrator	30 April
Scheme Administrator provides Pension Savings Statement to member	6 October
Member requests Scheme Pays quote	10 November
Scheme Administrator issues quote	20 November
Member returns Scheme Pays Election forms	15 December
Scheme Administrator updates member record	29 December
Member submits Self-Assessment Tax return to HMRC stating will pay Annual Allowance via Scheme Pays	31 January
SWFRA makes a payment on account to HMRC	31 January
Accounting for tax return submitted to HMRC	14 February

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APPENDIX 2

[AMENDED] OP-02.001C, Firefighters' Pension Schemes – Scheme Pays procedure
Document Information

Security Classification	Not protectively marked
Document Owner	Head of HR
(M33C) Date Last Review Published Category of amendment Completed by	N/A First Issue
(M33A/Factual) Date Last Amendment Published Category of amendment Completed by	May 2022 New procedure Alison Reed ACO People Services
Date of Next Review	2nd Quarter 2022
Notes	

In Case of Query Contact	Pensions Liaison Officer
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1 Introduction

1.1 Scheme Pays is a mechanism that permits an individual to ask the Scheme Manager of the pension scheme that they are a member of to pay any tax charge due in relation to an excess of pension savings above Her Majesty's Revenues &

Customs (HMRC) standard Annual Allowance limit. In return, there is a reduction in pension benefits when the individual's pension comes into payments.

1.2 There are two types of Scheme Pays, Mandatory and Voluntary, and each has its own qualifying conditions and timescales that must be satisfied.

1.3 An individual will need to advise HMRC if they plan to use Scheme Pays. The process for applying for Scheme Pays is detailed below.

2 Corporate Policy

2.1 This organisational procedure supports Corporate Policy 02, Our People.

3 Scope and Applicability

3.1 This procedure is applicable to ~~Wholetime Personnel and On-Call Personnel working the Retained Duty System~~. All employees, regardless of work category, as HMRC requirements are based on earnings rather than terms and conditions of employment.

3.2 All employees are required to adhere to this procedure. Employees should note that any breaches of this procedure may lead to disciplinary action. Serious breaches of this procedure may constitute gross misconduct and lead to dismissal. Please refer to our disciplinary procedure OP-02.007 for further information.

3.3 South Wales Fire and Rescue Service supports an environment of mutual respect and equality of opportunity. In accordance with the Equality Act (2010), this document has been Equality Risk Assessed to ensure all Protected Characteristics are considered. Should an employee perceive that an adverse impact does exist, it is their responsibility to bring it to the attention of the Diversity Officer. This document also complies with other relevant legislation.

4 Annual Allowances

4.1 Each taxpayer has a standard Annual Allowances set by Her Majesty's Revenues and Customs (HMRC), ~~which may be allocated to his or her pension's savings account during the Scheme's pension input period without incurring a tax liability. it is a tax allowance against which pension savings must be tested against the pensions savings account during the Scheme's 'pension input period' without incurring a tax liability.~~

4.2 ~~A tax liability is usually incurred if the individual's annual pension savings growth exceeds the Annual Allowances, which is currently set at £40,000 per year. may be~~

~~incurred if the individual's annual pension savings growth, across all pension schemes to which they contribute, exceeds the Annual Allowances, which is currently set at £40,000 per year. Within the HMRC rules the Annual Allowance of £40,000 per year can accumulate over a three year period and be used to offset against any tax liability in year.~~

4.3 Changes to the Annual Allowances, known as tapering, resulted in the Annual Allowance for high earning individuals reducing to £10,000 from April 2016. **From tax year 2020/21 the minimum annual allowance will be £4,000, however this is a higher earnings threshold than previously.**

5 Mandatory Scheme Pays

5.1 An individual who exceeds their Annual Allowance and incurs a tax charge, can pay the tax from their own personal finances. However, the Finance Act 2004 provides that a pension scheme must provide a 'Scheme Pays' facility where certain qualifying conditions are met. A scheme pays facility works by having the pension fund pay the members' tax charge initially. **The effect of this is that the member receives a reduction in their pension benefits once they come into payment.** ~~which is then repaid by the member through a reduction in their pension benefits once they come into payment until the pension ceases on death.~~

5.2 The qualifying criteria for Mandatory Scheme Pays are:

- The HMRC Annual Allowance limit (~~currently £40,000~~) has been exceeded in the pension scheme that the scheme pays election is made **for**.
- The Annual Allowances tax charge exceeds £2000.
- The relevant time limits for making an election have been met.

5.3 The Fire Authority must agree to a Mandatory Scheme Pays election where the qualifying conditions are met and Mandatory Scheme Pays has been used in the Firefighters' Pension Schemes since 2012.

5.4 Due to HMRC introducing 'tapering' of the £40,000 Annual Allowance from the 2016/2017 tax year, there are now circumstances where a firefighter does not have the right to make a Mandatory Scheme Pays election for the tax relating to the difference between the 'tapered' (a minimum of £4,000) Annual Allowance, and the standard £40,000 Annual Allowance. In such circumstances, the additional tax liability could be covered by a Voluntary Scheme Pays arrangement, which is common practice in other pension schemes.

5.5 Furthermore, scheme members who built up pension savings in more than one scheme (e.g. members of the 1992 Scheme or 2007 Scheme who transition to the 2015 Scheme), will have savings grow in both schemes until retirement. By virtue of

accruing pensions growth across two rather than in one scheme, there is an increased likelihood that although a scheme member's total pension savings growth across both schemes might exceed £40,000, or a 'tapered' Annual Allowance, the savings growth in any one of the schemes may fall short of HMRC Annual Allowance limits. In view of this, Mandatory Scheme Pays will not be available to the individual to pay the tax charge.

5.6 The timescales for Mandatory Scheme Pays are set out below:

Action	Deadline Date
Tax Year ends	5 April
Employer provides Scheme Administrator with accurate pay figures	30 April
Scheme Administrator provides Pension Savings Statement to member	6 October
Member submits on-line Self Assessment Tax Return stating how Annual Allowance tax will be paid to HMRC	31 January
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Mandatory Scheme Pays – Scheme Administrator submits Event Report to HMRC	31 January
SWFRA pays tax to HMRC	14 February

6 Voluntary Scheme Pays

6.1 Voluntary Scheme Pays works in the same way as Mandatory Scheme Pays whereby the tax liability is initially paid by the pension scheme and the cost recovered by a reduction to the individual's annual pension when it comes into payment.

6.2 The automatic qualifying criteria for Voluntary Scheme Pays are:

- Transitional members with pension growth of over £40,000 across **more than one pension scheme and a corresponding tax charge**. A scheme pays facility works by having the pension fund pay the members' tax charge initially. The effect of this election is that the member receives a reduction in their pension benefits once they come into payment. ~~both schemes and a corresponding~~

~~tax charge, to use the scheme to pay this cost initially, in return for a reduction in the members pension benefits.~~

- Members subject to a tapered AA, and have a corresponding tax charge. A scheme pays facility works by having the pension fund pay the members' tax charge initially. The effect of this election is that the member receives a reduction in their pension benefits once they come into payment. ~~to use the scheme to pay their tax charge initially and then this to be repaid via a pension debit. For this option, the member is required to make an initial contribution of £2,000 from their own finances towards the resultant AA tax charge.~~
- The Annual Allowance tax charge exceeds £2,000. The Fire Authority is willing to take voluntary scheme pays elections where you incur a charge that is less than £2,000 and/or due to a tapered annual allowance.
- Members may face a tax charge without being able to access the MSP facility because the deadline for doing so has passed, and they can justifiably argue it was not their fault.

6.3 Circumstances, where the use of the VSP procedure **will not** be applicable are:

- The relevant deadline for MSP has been missed. The failure to meet the deadline ultimately rests with the scheme member themselves.
- The fault that relevant deadlines were missed cannot be attributable to the Fire Authority

6.4 The timescales for Voluntary Scheme Pays are set out below:

Action	Deadline Date
Tax Year ends	5 April
Employer provides information to Scheme Administrator	30 April
Scheme Administrator provides Pension Savings Statement to member	6 October
Member requests Scheme Pays quote	10 November
Scheme Administrator issues quote	20 November
Member returns Scheme Pays Election forms	15 December
Scheme Administrator updates member record	29 December

Member submits Self-Assessment Tax return to HMRC stating will pay Annual Allowance via Scheme Pays	31 January
SWFRA makes a payment on account to HMRC	31 January
Accounting for tax return submitted to HMRC	14 February

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 7
4 JULY 2022

LOCAL PENSION BOARD COMMITTEE

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

**TO REVIEW KEY PERFORMANCE INDICATORS & SCHEME DATA FOR
FIREFIGHTERS PENSION SCHEME****THIS REPORT IS FOR INFORMATION**REPORT APPROVED BY THE ASSISTANT CHIEF OFFICER PEOPLE
SERVICESREPORT PRESENTED BY IAN TRAYLOR, SERVICE DIRECTOR –
PENSIONS, PROCUREMENT AND TRANSACTIONAL SERVICES, RHONDDA
CYNON TAF CBC (SCHEME ADMINISTRATOR)**SUMMARY**

The Service Level Agreement (SLA) between South Wales Fire & Rescue Service and Rhondda Cynon Taf Country Borough Council sets out the manner in which certain duties and responsibilities are expected to be carried out. A key element of the SLA is the reporting on actual performance activity against the agreed key delivery Service Standards. The following report is intended to provide Members with an update on key activity undertaken during the reporting period and shares the performance data for the period 01 April 2021 to 31 March 2022 and 01 April 2022 to 30 May 2022

RECOMMENDATIONS

1. That Members of the Local Pension Board note the performance data included at Appendix 1 attached to the report and the Key Activity at Appendix 2.

1. BACKGROUND

- 1.1 The ongoing monitoring of the key performance indicators / service standards and activity, is indented as a measurement to help evaluate the success or otherwise of the service provided to the South Wales Fire & Rescue Authority on behalf of its scheme members, by the RCT Pension Service.

2. ISSUES

- 2.1 There are no issues to report.

3. IMPLICATIONS

3.1 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	No
Socio Economic Duty	No
Sustainability/Environment/Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

3.2 Regulatory, Strategy and Policy

Legal	No	Data Protection / Privacy	Yes
Financial	Yes	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	Yes
Corporate Risk	No	Service Policy	Yes
Information Management	Yes	National Policy	No

3.3 Resources, Assets and Delivery

Human Resource and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	Yes
Procurement	No
Budget Revenue/Capital	Yes

4. EVALUATION & CONCLUSIONS

4.1 Members are asked to review the outturns in the Appendices attached to the report with a view of discussing them at the meeting.

5. RECOMMENDATIONS

5.1 That Members of the Local Pension Board note the performance data included at Appendix 1 attached to the report.

5.2 That Members note the relevant pension administrative overview and update included at Appendix 2 attached to the report.

Contact Officers:	ACO Alison Reed Director of People Services Ian Traylor Service Director Pensions, Procurement & Transactional Services, Rhondda Cynon Taf CBC (Scheme Administrator)
Background Papers	Appendix 1 – Current Year Key Performance

Appendix 1

<u>STANDARD MEASURED</u>		<u>TARGET</u>	<u>INTER'</u> <u>VENTION</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>2021/2022</u> Year to Date Actual %
% Refund of contributions processed within 10 days	Payment	100%	95%	100%	-	-	-	-	-	-	-	-	-	-	-	100%
% Divorce Estimates processed within 10 days	Statement	100%	95%	-	100%	100%	-	0%	100%	-	-	100%	-	100%	-	90%
% Preserved Benefits processed within 10 days	Statement	100%	90%	-	-	-	-	-	-	-	-	-	-	-	100%	100%
% Employer requests for retirement estimates processed within 5 days	Statement	100%	95%	-	-	-	-	-	-	-	-	-	-	-	-	-
% Retirements from Active membership processed within 5 days	Payment	100%	95%	-	100%	100%	100%	80%	75%	60%	-	100%	100%	100%	100%	90%

MONTHLY SERVICE STANDARDS															Relates to last Month Completed		
Scheme 090 (Protected 92 Scheme and Transitioned members)																	
<u>STANDARD MEASURED</u>		<u>TARGET</u>	<u>INTER' VENTION</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	Comments	2022/2023 Year to Date Actual %
% Refund of contributions processed within 10 days	Payment	100%	95%	-	-											No cases completed	-
% Divorce Estimates processed within 10 days	Statement	100%	95%	-	-											No cases completed	-
% Preserved Benefits processed within 10 days	Statement	100%	90%	-	50%											2 cases completed. One case over target.	50%
% Employer requests for retirement estimates processed within 5 days	Statement	100%	95%	-	-											No cases completed	-
% Retirements from Active membership processed within 5 days	Payment	100%	95%	100%	100%											6 cases completed. All on time.	100%

Appendix 1

% Preserved Benefits into payment on retirement processed within 5 days	Payment	100%	95%	-	-										No cases completed	-
% Transfers In processed within 10 days	Statement	100%	90%	-	-										No cases completed	-
% Transfers Out processed within 10 days (Monthly)	Payment	100%	95%	-	-										No cases completed	-
% death grant for active members within 5 days (Monthly)	Payment	100%	95%	-	-										No cases completed	-

MONTHLY SERVICE STANDARDS

Scheme FIR (2006 Scheme and Transitioned members)

<u>STANDARD MEASURED</u>		<u>TARGET</u>	<u>INTER'</u> <u>VENTION</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	2021/2022 Year to Date Actual %
% Refund of contributions processed within 10 days	Payment	100%	95%	-	-	-	-	-	-	-	-	-	-	-	-	-
% Divorce Estimates processed within 10 days	Statement	100%	95%	-	100%	100%	-	-	-	100%	-	100%	100%	-	-	100%
% Preserved Benefits processed within 10 days	Statement	100%	90%	100%	100%	100%	100%	100%	100%	-	100%	100%	100%	100%	100%	100%
% Employer requests for retirement estimates processed within 5 days	Statement	100%	95%	-	-	-	-	-	-	-	-	-	-	-	-	-
% Retirements from Active membership processed within 5 days	Payment	100%	95%	-	100%	-	-	100%	0%	0%	-	100%	-	100%	100%	78%

MONTHLY SERVICE STANDARDS															Relates to last Month Completed		
Scheme FIR (2006 Scheme and Transitioned members)																	
<u>STANDARD MEASURED</u>		<u>TARGET</u>	<u>INTERVENTION</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	Comments	2022/2023 Year to Date Actual %
% Refund of contributions processed within 10 days	Payment	100%	95%	-	-											No cases completed.	-
% Divorce Estimates processed within 10 days	Statement	100%	95%	-	-											No cases completed.	-
% Preserved Benefits processed within 10 days	Statement	100%	90%	100%	100%											5 cases completed. All on time.	100%
% Employer requests for retirement estimates processed within 5 days	Statement	100%	95%	-	-											No cases completed.	-
% Retirements from Active membership processed within 5 days	Payment	100%	95%	100%	100%											2 cases completed. Both on time.	100%

Appendix 1

% Preserved Benefits into payment on retirement processed within 5 days	Payment	100%	95%	0%	100%											One case completed. On time.	50%
% Transfers In processed within 10 days	Statement	100%	90%	-	100%											6 cases completed. All on time.	100%
% Transfers Out processed within 10 days (Monthly)	Payment	100%	95%	-	-											No cases completed.	-
% death grant for active members within 5 days (Monthly)	Payment	100%	95%	-	-											No cases completed.	-
% death grant for pensioner members within 5 days (Monthly)	Payment	100%	95%	-	-											No cases completed.	-

The following information is intended to provide Members of Pensions Board with an overview and update on key administrative activity:

Member Self-Serve Statistics

Member Self-Serve (MSS) take-up as at 07th June 2022

	Status 1 (Actives)	Status 2 (Pending leavers)	Status 4 (Deferred)	Status 5 (Pensioners)	Status 6 (Dependants)
Scheme 090	84.82%	100.00%	63.21%	38.80%	4.49%
<i>Total Membership</i>	336	1	106	1147	178
Scheme FIR	45.58%	58.82%	34.99%	52.99%	0.00%
<i>Total Membership</i>	928	17	943	117	13

Scheme Member Complaints

- There are no formal complaints to report this period.

Key Administration Activities

- Work has begun on 2022 Annual Benefit Statements exercise
- Pension Increase exercise has been completed – pensioners and deferred increase = 3.1%, active members CARE accounts will be revalued by 4.1%.
- Immediate Detriment cases are being processed
- Continue to work closely with SWFRA, and other forums, software provider with regard to McCloud remedy requirements, following on from the Government response to the consultation.

Appendix 1

Firefighter Pensions Schemes - scheme data

Scheme	1 April 2022
Total number of members in the 1992 FPS	0 Protected 0 Tapered
Total number of members of the 2007 NFPS	0 Protected 0 Tapered
(a) Number of Retained members in the 2007 NFPS	0 Protected 0 Tapered
(b) Number of Wholetime members in the 2007 NFPS	0 Protected 0 Tapered
Number of members in the RDS Modified Scheme	0 Protected 0 Tapered
Total number of members of the 2015 FPSW	1,256
(a) Number of Retained members in the 2015 FPSW	482
(b) Number of Wholetime members in the 2015 FPSW	777

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SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 8
4 JULY 2022

LOCAL PENSION BOARD COMMITTEE

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

INTERNAL DISPUTE RESOLUTION PROCEDURES (IDRP)

THIS REPORT IS FOR INFORMATION

REPORT APPROVED BY THE ACO PEOPLE SERVICES

REPORT PRESENTED BY ACO PEOPLE SERVICES ALISON REED

SUMMARY

This report shares the procedures for resolving internal disputes in relation to pension matters. It also updates Local Pension Board Members on the cases that were considered under this procedure during 1 April 2021 to 31 March 2022.

RECOMMENDATION

1. That Members note the procedures for resolving internal disputes.
2. That Members note the cases considered under the IDRP procedure during the period 1 April 2021 to 31 March 2022.

1. BACKGROUND

- 1.1 Internal dispute resolution arrangements play an important part in the management of public service pension schemes. They enable someone with an interest in the scheme to ask for a matter in dispute to be resolved.
- 1.2 Scheme managers of occupational public service pension schemes must make and implement arrangements for resolving disputes with members and other people with an interest in the scheme.
- 1.3 Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme, they have the right to ask for that matter to be reviewed.
- 1.4 A person has an interest in the scheme if they:-
 - Are a member – active, deferred or pensioner
 - Are a widow, widower, surviving civil partner, surviving cohabiting partner or other surviving dependant of a deceased member
 - Are a surviving non-dependent beneficiary of a deceased member

- Are a prospective member of the scheme
- Are a person who has ceased to be within any of the above categories; or
- A person who claims to be within any of the above categories and the dispute relates to whether they are such a person.

- 1.5 Dispute resolution arrangements generally do not apply to certain disputes, e.g. where a court or tribunal has started proceedings relating to the dispute or the Pensions Ombudsman's Service is investigating the dispute.
- 1.6 An IDRPs can be a two-stage procedure with a specified person carrying out the first-stage decision, or a single-stage procedure if this is considered more appropriate. On 10 June, 2021, Welsh Government issued circular WFRSC(2021)09 which replaces the previous approach (outlined in WFRSC(09)(01)). Whilst amendments to the Pensions Act 1995 allowed for a single stage procedure, pension schemes have discretion to make provision for two stages. The Scheme Advisory Board in Wales discussed this but decided to retain the two stage process that is currently in existence.
- 1.7 According to the Pensions Regulator, the scheme manager must communicate information about the procedure to members and others. The scheme manager must also provide information about the Pension Ombudsman when an application is received or when notifying an applicant of the decision.
- 1.8 Appendix A attached to the report contains the current Internal Dispute Resolution Procedure (IDRP).
- 1.9 Appendix B attached to the report contains high level information in relation to the cases that have been considered under the Internal Dispute Resolution Procedure (IDRP).

2. ISSUES

2.1 There are no immediate issues to report.

3. IMPLICATIONS

3.1 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	No
Socio Economic Duty	No

Sustainability/Environment/Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

3.1.1 There are no additional financial issues arising as a result of this report. However, there may be financial implications arising out of a dispute.

3.2 Regulatory, Strategy and Policy

Legal	Yes	Data Protection / Privacy	Yes
Financial	Yes	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	Yes
Corporate Risk	Yes	Service Policy	Yes
Information Management	Yes	National Policy	Yes

3.3 Resources, Assets and Delivery

Human Resource and People Development	Yes
Assets and Resources (Property/Fleet/ICT/Equipment)	Yes
Service Delivery	No
Procurement	No
Budget Revenue/Capital	Yes

4. EVALUATION & CONCLUSIONS

4.1 An Equality Risk Assessment has been undertaken to assess the potential impact of this report. The assessment concluded that there were no immediate or long term adverse impacts on any individual or group of personnel arising from this particular report.

5. RECOMMENDATIONS

5.1 That Members note the procedures for resolving internal disputes.

5.2 That Members note the cases considered under the IDR procedure during the period 1 April 2021 to 31 March 2022.

Contact Officer:	Alison Reed Director of People Services
Background Papers	Appendix A – Copy of Internal Dispute Resolution Procedure Appendix B – Cases considered under the IDRP Procedure

Stage One: Application

This application may be submitted by a person (or nominated representative) who is (a) an active, deferred or pensioner member of the Firefighters' Pension Scheme, the New Firefighters' Pension Scheme or Firefighters' Pension Scheme 2015; (b) a widow, widower or surviving dependant of a deceased member of the FPS, NFPS or FPS 2015; (c) a surviving non-dependant beneficiary of a deceased member of the FPS, NFPS or FPS 2015; (d) a prospective member -; (e) persons who have ceased to be within any of the categories in (a) to (d); or (f) persons who claim to be a person mentioned in (a) to (e) and the dispute relates to whether he is such a person.

To the Chief Fire Officer, Fire and Rescue Authority

1. I wish to apply for a decision to be made, under section 50 of the Pensions Act 1995, in respect of the disagreement set out in this application.
2. I understand that an application may not be made where, in respect of a disagreement:
 - A notice of appeal has been issued under Rule H3 of the Firefighters' Pension Scheme 1992, Part 8, Paragraph 5 of the New Firefighters' Pension Scheme 2007 or Part 6, rule 3 of the Firefighters' Compensation Scheme (Wales) Order 2007 (appeal to a board of medical referees against a decision on an issue of a medical nature), or Regulation 173 Firefighters' Pension Scheme 2015 (FPS 2015), or
 - Proceedings in respect of this dispute have begun in any court or tribunal, or
 - The Pensions Ombudsman has commenced an investigation into a complaint or a dispute referred to him.
3. The nature of the disagreement is set out in the attached page(s).

Complete in all cases (in Block capitals)

Full name of Scheme member

Role and employment reference

Address of Scheme member

.....

Member's date of birth Member's National Insurance No.

Complete if complainant is not a Scheme member (in Block Capitals)

Full name of complainant

Address for correspondence

.....

Relationship of complainant to Scheme member (if relevant)

Signature of complainant (or representative)Date

Nature of disagreement

Give a statement of the nature of the disagreement with sufficient details to show why aggrieved. If necessary, continue details on to another page and attach the application form with any supporting documents.

Signature of complainant (or representative)

Date

Stage One: Letter 1**Fire and Rescue Service Headed Notepaper**

Dear *(name of complainant)*

**FIREFIGHTERS' PENSION SCHEME/NEW FIREFIGHTERS' PENSION SCHEME/FIREFIGHTERS' COMPENSATION SCHEME / FIREFIGHTERS' PENSION SCHEME 2015 (as appropriate):
PENSIONS ACT 1995, SECTION 50
Internal Dispute Resolution Procedures: Stage One**

Your application under Section 50 of the Pensions Act 1995 for a decision in respect of a disagreement was received on *(date)*.....

I intend to make a decision on the matters raised by your application within two months from the date the application was received.

If, for any reason, I am unable to issue you with a decision within this time-scale you/and your representative *(complete as appropriate)* will be sent:

an interim reply;

the reasons for the delay; and

an expected date for the issue of the decision.

The Money and Pensions Service is available to assist members and beneficiaries of pension schemes in connection with any difficulty with the scheme. The Money and Pensions Service can be contacted at: Holborn Centre, 120 Holborn, London. EC1N 2TD, Telephone 01159 659 570.

Yours sincerely,

(Chief Fire Officer or the person specified by him)

This acknowledgement letter must be sent, in all cases, where a Stage One application is received from a complainant. If there are problems with the way in which the application has been completed, then this letter should be adapted accordingly.

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Stage One: Letter 2**Fire and Rescue Service Headed Notepaper**

Dear *(name of complainant)*

**FIREFIGHTERS' PENSION SCHEME/ NEW FIREFIGHTERS' PENSIONS SCHEME/ FIREFIGHTERS' COMPENSATION SCHEME / FIREFIGHTERS' PENSION SCHEME 2015 (as appropriate):
PENSIONS ACT 1995, SECTION 50
Internal Dispute Resolution Procedures: Stage One**

Further to my letter of *(date of issue of IDRPs Stage One: Letter 1)*....., I regret I am not yet in a position to issue you with a decision.

The reasons for the delay are *(reasons)*

I expect to be able to issue you with a decision on *(date)*.

Yours sincerely,

(Chief Fire Officer or the person specified by him/her)

This letter must be sent if a decision cannot be made within two months of receipt of a Stage One application from a complainant.

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Stage One: Letter 3***Fire and Rescue Service Headed Notepaper***

Dear *(name of complainant)*

FIREFIGHTERS' PENSION SCHEME/NEW FIREFIGHTERS' PENSION SCHEME/FIREFIGHTERS' COMPENSATION SCHEME / FIREFIGHTERS' PENSION SCHEME 2015 *(as appropriate)*: PENSIONS ACT 1995, SECTION 50 Internal Dispute Resolution Procedures: Stage One

I have considered your application received on *(date)*.... for a decision to be made under Section 50 of the Pensions Act 1995 in respect of your disagreement referred to in the application.

My decision is as follows:

Give a statement of the decision and make reference to any legislation (including the relevant pension or compensation scheme orders) relied upon for the decision and also including, if a discretion has been exercised under the scheme, a reference to the provisions of the scheme under which the discretion is conferred.

If you are not content with this decision, you have a right to apply for reconsideration of the disagreement by the Fire and Rescue Authority *(complete with appropriate reference to the committee or individuals who will be responsible for Stage 2 consideration)* no later than six months from the date of this notice. A form designed for this purpose can be obtained from *(complete as appropriate)*.

The Money and Pensions Service is available to assist members and beneficiaries of pension schemes in connection with any difficulty with a scheme which remain unresolved. The Money and Pensions Service can be contacted at: Holborn Centre, 120 Holborn, London, EC1N 2TD, Telephone 01159 659 570.

Yours sincerely,

(Chief Fire Officer or the person specified by him/her)

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Stage Two: Application

If a person is dissatisfied with the decision of the Chief Fire Officer or the person specified by him at Stage 1 of the IDRPs, an application may be submitted by that person (or nominated representative) for the decision to be confirmed or replaced by the decision of elected members of the fire and rescue authority. The authority may provide for decisions to be taken by or on their behalf by one or more of their number.

To theFire and Rescue Authority

1. I am applying for reconsideration of the decision ofmade under section 50 of the Pensions Act 1995. I understand that the Fire and Rescue Authority will either confirm the decision or replace it.
2. I understand that an application may not be made where, in respect of the matter:
 - A notice of appeal has been issued under Rule H3 of the Firefighters' Pension Scheme 1992, Part 8, Paragraph 5 of the New Firefighters' Pension Scheme 2007 or Part 6, rule 3 of the Firefighters' Compensation Scheme (Wales) Order 2007 (appeal to a board of medical referees against a decision on an issue of a medical nature), Regulation 173 of the Firefighters' Pension Scheme 2015 (FPS 2015) or
 - Proceedings in respect of this dispute have begun in any court or tribunal, or
 - The Pensions Ombudsman has commenced an investigation into a complaint or a dispute referred to him.
3. I attach a copy of the notice of the decision referred to in paragraph 1 and a statement of the reason(s) for dissatisfaction with that decision.

Complete in all cases (in Block capitals)

Full name of Scheme member

Role and employment reference

Address of Scheme member

Member's date of birth Member's National Insurance No.

Complete if complainant is not a Scheme member (in Block Capitals)

Full name of complainant

Address for correspondence

Relationship of complainant to Scheme member (if relevant)

Signature of complainant (or representative) Date

Nature of disagreement

Give a statement of the nature of the disagreement with the decision made by the Chief Fire Officer or the person specified by him. If necessary, continue details on to another page and attach the application form with any supporting documents.

Signature of complainant (or representative)

Date

Stage Two: Letter 1**Fire and Rescue Authority Headed Notepaper**

Dear *(name of complainant)*

**FIREFIGHTERS' PENSION SCHEME/NEW FIREFIGHTERS' PENSION SCHEME/FIREFIGHTERS' COMPENSATION SCHEME/ FIREFIGHTERS' PENSION SCHEME 2015 (as appropriate):
PENSIONS ACT 1995, SECTION 50
Internal Dispute Resolution Procedures: Stage Two**

Your application for a reconsideration of a decision dated made under Section 50 of the Pensions Act 1995 by *(complete as appropriate)* was received on

The Fire and Rescue Authority or one or more of their number will consider the matters raised by your application and will confirm or replace that decision under Section 50 of the Pensions Act 1995 within two months from the date your application was received.

If, for any reason, the Authority/the members of the Authority (complete as appropriate) are unable to issue you with a decision within this time-scale you/and your representative (complete as appropriate) will be sent:

- an interim reply;
- the reasons for the delay; and
- an expected date for the issue of the decision.

The Money and Pensions Service is available to assist members and beneficiaries of pension schemes in connection with any difficulty with a scheme which remain unresolved. The Money and Pensions Service can be contacted at: Holborn Centre, 120 Holborn, London, EC1N 2TD, Telephone 01159 659 570

Yours sincerely,

Secretary to the Fire and Rescue Authority

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Stage Two: Letter 2**Fire and Rescue Authority Headed Notepaper**

Dear *(name of firefighter)*

**FIREFIGHTERS' PENSION SCHEME/NEW FIREFIGHTERS' PENSION SCHEME/FIREFIGHTERS' COMPENSATION SCHEME / FIREFIGHTERS' PENSION SCHEME 2015 (as appropriate): PENSIONS ACT 1995, SECTION 50
Internal Dispute Resolution Procedures: Stage Two**

Further to my letter of, I regret *the Fire and Rescue Authority/ members of the Fire and Rescue Authority appointed to consider the matter (as appropriate)* are not yet in a position to issue you with a decision.

The reasons for the delay are (reasons)

The panel expect to be able to issue you with a decision on *(date)*

Yours sincerely,

Secretary to the Fire and Rescue Authority

This letter must be sent if a decision cannot be made within two months of receipt of a Stage Two application from a complainant.

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Stage two: Letter 3**Fire and Rescue Authority Headed Notepaper**

Dear *(name of complainant)*

**FIREFIGHTERS' PENSION SCHEME/NEW FIREFIGHTERS' PENSION SCHEME/FIREFIGHTERS' COMPENSATION SCHEME / FIREFIGHTERS' PENSION SCHEME 2015 (as appropriate): PENSIONS ACT 1995, SECTION 50
Internal Dispute Resolution Procedures: Stage Two**

The Fire and Rescue Authority/members of the Fire and Rescue Authority (as appropriate) have considered your application received on (date)..... for reconsideration of the disagreement which was the subject of a decision made by the Chief Fire Officer/by the person specified by the Chief Fire Officer (as appropriate) under Section 50 of the Pensions Act 1995, as indicated in the notice of decision dated (date).....

The decision of the panel, made under Section 50 of the Pensions Act 1995, is as follows:

Give a statement of the decision and an explanation as to whether, and if so to what extent, that decision either confirms or replaces the decision made by the Chief Fire Officer or the person specified by him/her.

Refer to any legislation, including the FPS, NFPS or FCS relied upon for the decision and also including, if a discretion has been exercised under the Scheme, a reference to the provisions of the Scheme under which the discretion is conferred.

If you remain dissatisfied.

- The Money and Pensions Service is available to assist members and beneficiaries of pension schemes in connection with any difficulty with a scheme which remain unresolved. The Money and Pensions Service can be contacted at: Holborn Centre, 120 Holborn, London, EC1N 2TD, Telephone 01159 659 570.
- the Pensions Ombudsman, appointed under Section 145(2) of the Pension Schemes Act 1993 may investigate and determine any complaint or dispute of fact or law in relation to a scheme made or referred in accordance with that Act. He can be contacted at:11 Belgrave Road, London, SW1V 1RB; Telephone 020 7834 9144

Yours sincerely,

Secretary to the Fire and Rescue Authority

If the application was made by a representative of the complainant, ensure this letter is copied to the representative.

Appendix B

INTERNAL DISPUTE RESOLUTION PROCEDURES

- Cases considered (stages 1& 2) in the period 1 April 2021 – 31 March 2022

Issue	Date stage 1 outcome issued	Decision summary	Date stage 2 outcome issued	Decision summary
Level of pension award	December 2020	Level of award is calculated in accordance with the regulations set out in the Pensions Act or scheme.	August 2021	Stage 1 decision upheld.
If a particular payment attracts pension	May 2021	The Blackburne principles were applied and did not result in pension being awarded.	August 2021	Stage 1 decision upheld.

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 9
4 JULY 2022

LOCAL PENSION BOARD COMMITTEE

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

REPORT ON McCLOUD - TAPERING**THIS REPORT IS FOR INFORMATION**

REPORT APPROVED BY THE ACO PEOPLE SERVICES

REPORT PRESENTED BY THE ACO PEOPLE SERVICES ALISON REED

SUMMARY

In July 2021, the Fire & Rescue Authority, as Scheme Manager, agreed to provide pension benefit options for those individuals who were considered to be in scope for Immediate Detriment (ID), i.e. those who are currently in service but intending to retire and have provided notice of their intention to do so. This policy decision came into effect from October 2021. This report provides an update on the number of ID cases that have been processed since October 2021. It also confirms next steps in relation to remedying all cases of age discrimination cases.

RECOMMENDATIONS

That Members note the content of the report.

1. BACKGROUND

- 1.1 Following Lord Hutton's 2011 review of public sector pensions, the Public Service Pensions Act (2013) provided the legal framework to reform public sector pension schemes. Reforms included restricting existing final salary schemes, extending retirement ages, and introducing career average schemes. In 2015 all main public service pension schemes were reformed to provide defined benefits on a career average basis and extend the normal retirement age of members. The pension scheme regulations were amended to introduce these changes. The amended regulations also provided protection for members of existing final salary schemes. This protection was age related and members reaching the normal pension age of 55 by 31 March, 2022, were afforded full protection with other members receiving protection on a tapered basis depending on their age. This protection was known as transitional protection and members who did not qualify for protection were moved

out of their legacy schemes directly onto the new 2015 Firefighters Pension Scheme.

- 1.2 In 2018 the Court of Appeal ruled that the transitional protection element of the 2015 public service pension reforms constituted unlawful age discrimination in the Firefighters' Pension Schemes. This is referred to as the McCloud/Sargeant case. On the back of this decision the Government confirmed that it would remove the difference in treatment across all main public service pension schemes. Since then there have been further challenges in the courts in relation to the powers of Fire & Rescue Authorities and their ability to implement the outcome of the McCloud/Sargeant judgement.
- 1.3 In October 2020 the UK Government undertook to consult the public on the way forward in relation to public service pension schemes and in particular how it should respond to the detail outlined in the judgement. The outcomes of the consultation were published on 4 February, 2021, with an option called 'the Deferred Choice Underpin' being adopted. This will mean that members will make their decision between scheme benefit options shortly before their benefits are paid from the scheme, at the point of retirement. In the meantime, members will be deemed to have accrued benefits in their legacy schemes rather than reformed schemes, for the remedy period until they make that choice. The remedy period has been determined as 1 April, 2015 to 31 March, 2022. The UK Government response to the consultation can be accessed via this link:- <https://www.gov.uk/government/consultations/public-service-pension-schemes-consultation-changes-to-the-transitional-arrangements-to-the-2015-schemes>
- 1.4 On 12 February, 2021, the Employment Appeal Tribunal (EAT) gave its judgement on an appeal by the Fire & Rescue Authorities based on Schedule 22 of the Equality Act. The appeal was based on the argument that the Fire & Rescue Authorities did not make the legislation which was found by the Court of Appeal to be discriminatory on the grounds of age, but were bound to follow it because it was the law. Schedule 22 can give a defence where an employer is required by legislation to act towards its employees in a way which is discriminatory. The Employment Appeal Tribunal's judgement was that Fire & Rescue Authorities cannot rely on the Schedule 22 defence. Effectively the Employee Appeal Tribunal held that the Fire & Rescue Authorities in their capacity as the scheme manager could have decided not to follow discriminatory legislation and, in fact, should have done so by refusing to treat firefighters as having transferred into the Firefighters Pension Scheme 2015. This is because it held that Section 61 of the Equality Act 2010 prohibits Fire & Rescue Authorities from acting in a manner which discriminates on the grounds of age and it prioritises that obligation over the other provisions in the

pension scheme which would oblige the Fire & Rescue Authorities to act in that way. In addition, it held that under Section 62 of the Equality Act 2010, as scheme managers the Fire & Rescue Authorities have vested in them the power to pass a resolution making alterations to the scheme, which would have the effect of removing such discrimination.

- 1.5 On 10 June, 2021, the Home Office and Local Government Association issued informal guidance on processing Immediate Detriment cases. Whilst this guidance applied to Fire & Rescue Services in England, communication from Welsh Government did confirm that although they do not have the power to issue statutory guidance or directions to scheme managers on such matters, the English and Welsh schemes are substantively identical, as are the issues surrounding the processing of immediate detriment claims, and it was accepted that the Home Office/LGA guidance contains useful information for scheme managers in handling such claims.
- 1.6 Immediate Detriment is the term used to refer to firefighters who will retire from the scheme before the secondary regulations are amended to bring in the age discrimination remedies. There are two main categories of immediate detriment:-
 1. Those who have retired since April 2015 – Category 2 cases
 2. Those who will retire before the legislation is amended to bring in the Deferred Choice Underpin (DCU) remedy. So those that retire before October 2023 – Category 1 cases
- 1.7 The guidance from Government at this point, was the members who have already retired should not be processed under immediate detriment guidance due to complex issues that have not yet been resolved. Therefore, it was cases described in point 2 above that were the focus of our initial work. The Home Office/LGA guidance was described as providing informal guidance to support Fire & Rescue Authorities to process immediate detriment cases. The wider piece of work to implement full remedy will need to be concluded by October 2023. Ahead of that date both primary and secondary legislation will be required, as well as administration work to implement the changes. Under the remedy proposals the Deferred Choice Underpin will need to be implemented by October 2023.
- 1.8 On 8 October, 2021, the Local Government Association and Fire Brigades Union, published a joint statement, including a Memorandum of Understanding, the principles of which are intended to be consistent with those set out in the Public Service Pensions and Judicial Officers Bill. Fire & Rescue Authorities have been encouraged to consider adoption of

the MOU Framework, with a view to ensuring a consistent approach to Immediate Detriment cases across Fire & Rescue Services going forward.

- 1.9 The Public Service Pensions and Judicial Offices Bill has been laid before Parliament and will make secondary legislation pursuant to the Bill (namely the 'Remedying Legislation') to provide the affected pension scheme members with a remedy for the discrimination found in the McCloud/Sargeant claims.
- 1.10 On 29 November 2021 HM Treasury issued a statement in relation to the complexities of processing ID cases without formal legislation in place. The issues centre around the complexities of tax and tax relief. It is HMT's view at this point, based on the analysis as it currently stands, that cases cannot be smoothly and predictably processed until new legislation is in place and that there are risks and uncertainties for schemes and for individuals if cases are processed ahead of that. The note stated that for cases that have already been dealt with, or are in the process of being dealt with, the new legislation will give powers intended to allow schemes to put these individuals into the correct position, drawing on the provisions of the McCloud Bill. It pointed out that this could entail significant second or third corrections and so HMT would not advise that schemes continue to process cases on the assumption these provisions will mean a smooth and predictable experience for themselves and for members. The note confirms that the Home Office guidance that was issued in June 2021 has been withdrawn. It also confirms that it is up to schemes to choose to process cases or not based on their own assessment of the competing legal risks, but at this stage it is not possible to give any guarantees that the remedy and its tax consequences will work as intended for everyone, before the legislation is in place.
- 1.11 In April 2022, the Local Government Association wrote to HM Treasury with the aim of obtaining an understanding of the issues raised by HMT. There is currently no further update to report.
- 1.12 The Fire Brigades Union has also issued a statement confirming that the latest information does not alter the FBU position in relation to immediate detriment cases. It is their firm view that cases must be resolved as previously directed by the courts and if necessary, the union will take legal action if Fire & Rescue Authorities do not proceed.

2. Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	No
Socio Economic Duty	No
Sustainability/Environment/Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	Yes
Impact Assessment	Yes

2.1. Regular dialogue with the Representative Bodies has commenced and will continue on a regular basis going forward.

2.2 Regulatory, Strategy and Policy

Legal	Yes	Data Protection / Privacy	No
Financial	Yes	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	Yes
Corporate Risk	Yes	Service Policy	No
Information Management	No	National Policy	Yes

2.2.1 Proceeding to implement Immediate Detriment cases without the relevant legislative processes in place presents an element of risk. However, this is partly mitigated by utilising the technical expertise of Service personnel as well as RCT Pensions and the Local Government Association.

2.3 Resources, Assets and Delivery

Human Resource and People Development	Yes
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	Yes

2.4 Given the scale of the piece of work to implement this remedy, including the initial focus on implementing Immediate Detriment cases, we have assessed our internal resources and the project can be managed from within existing resources, although in order to release existing staff to undertake this project, roles and responsibilities have been transferred to other individuals across the Service.

- 2.5 The long term financial liabilities of implementing the remedy have been estimated by the Government Actuary Department (GAD) and included in the Authority's Balance Sheet, with regards costs associated with the Fire Pensions Funds, and officers are maintaining close dialogue with Welsh Government officials as Welsh Government provide deficit funding for the overall costs of the pension schemes. However, it is impossible to accurately assess the final cost until the remedy is agreed and employees have individually made their choice as to which scheme they wish to be part of for the remedy period. The future revenue implications for the Service and any funding available have not yet been determined or agreed.
- 2.6 There is also the possibility of us incurring administrative and software costs that our Administrator may pass on to us.

3. EVALUATION & CONCLUSIONS

- 3.1 Whilst the document from HM Treasury (November 2021) placed uncertainty on existing powers to correct the tax positions for individuals, the question in relation to powers has been tested previously at ET. The Authority therefore has the powers to process cases under Section 61 of the Equality Act.
- 3.2 At its February 2022 meeting, the Fire Authority confirmed its approach to processing cases, this was to continue to process category 1 cases and in parallel to continue the work already underway to understand the implications of processing category 2 cases. Only if there are further concerns identified in relation to legal, taxation or funding issues, will a further report be generated to the Fire & Rescue Authority.
- 3.3 That work continues to progress category 1 cases as described in this report.
- 3.4 It is important to note that all cases processed as ID will need to be revisited once the full details of the Government's approach is finalised and legislation is in place. The legislation is expected to be in place by October 2023.

4. RECOMMENDATIONS

4.1 That Members note the content of the report.

Contact Officer:	ACO Alison Reed
Background Papers	None
Appendices	Appendix 1 – Number of Category 1 cases processed.

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Appendix 1

McCLOUD TAPERING REPORT
NUMBER OF CATEGORY 1 CASES

Between October 2021 to March 2022	8
From April 2022 to July 2022	7
Future retirement cases to September 2022	2

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 10
4 JULY 2022

LOCAL PENSION BOARD COMMITTEE

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

PUBLICATIONS, UPDATES, INFORMATION (STANDARD ITEM)**THIS REPORT IS FOR INFORMATION**

REPORT APPROVED BY THE ACO PEOPLE SERVICES

REPORT PRESENTED BY ACO PEOPLE SERVICES ALISON REED

SUMMARY

This report shares relevant publications, updates and information relating to pension matters, with Members of the Local Pension Board

RECOMMENDATIONS

That Members review and note the attached publications which are shared for information and awareness purposes. (Attached to the report as Appendix 1-8).

1. BACKGROUND

- 1.1 To support Local Pension Board Members discharge their duties, this report shares recent relevant publications in relation to pension matters. These are not limited to fire pensions.

2. ISSUES

- 2.1 There are no issues to report.

3. IMPLICATIONS**3.1 Community and Environment**

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	No
Socio Economic Duty	No
Sustainability/Environment/Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No

Consultation with Representative Bodies	No
Impact Assessment	No

3.1.1 There are no additional financial issues arising as a result of this report.

3.2 Regulatory, Strategy and Policy

Legal	No	Data Protection / Privacy	No
Financial	No	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	No
Corporate Risk	No	Service Policy	No
Information Management	No	National Policy	No

3.3 Resources, Assets and Delivery

Human Resource and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	No

4. EVALUATION & CONCLUSIONS

4.1 An Equality Risk Assessment has been undertaken to assess the potential impact of this report. The assessment concluded that there were no immediate or long term adverse impacts on any individual or group of personnel arising from this particular report.

5. RECOMMENDATIONS

5.1 That Members review and note the attached publications which are shared for information and awareness purposes. (Attached to the report as Appendix 1-8).

Contact Officer:	Alison Reed Director of People Services
Background Papers	Appendix 1-8 – Publications



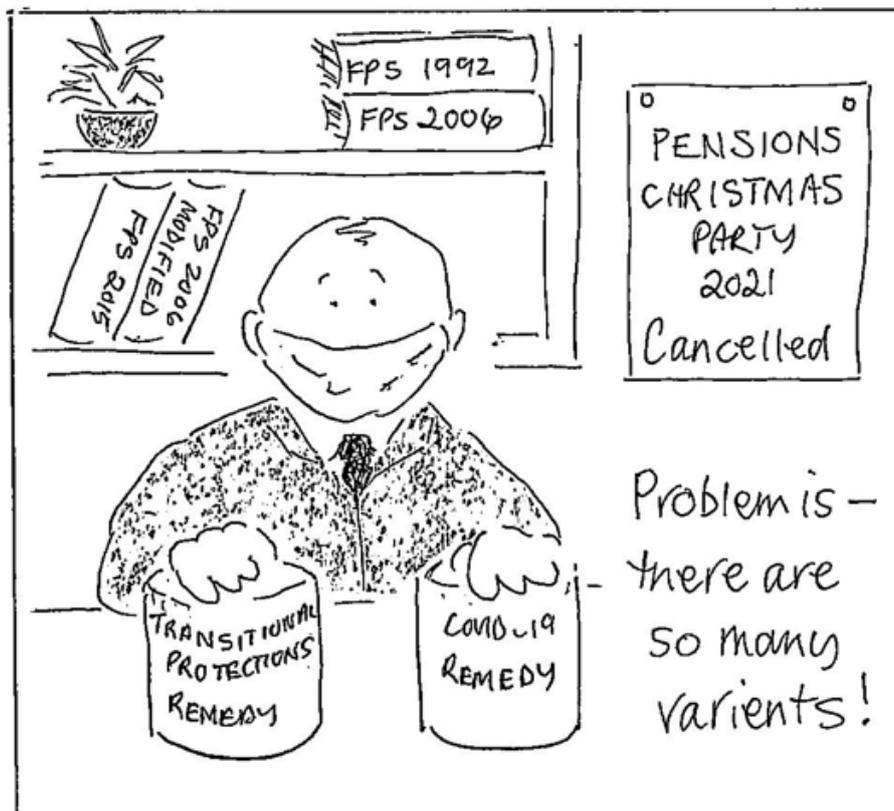
FPS Bulletin 52 – December 2021

Welcome to issue 52 of the Firefighters' Pensions Schemes bulletin.

We hope that readers remain safe and well. We would like to offer our thanks to all colleagues for their help and support during what has been another challenging year.

In finest December bulletin tradition, Eunice Heaney has kindly provided an illustration perfectly capturing some of the challenges we've faced and are continuing to face.

We wish all readers a very merry Christmas and 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 this bulletin or suggested items for future issues, please email bluelight.pensions@local.gov.uk.

In a new test feature this month, we bring you details of two job vacancies within the UK FPS community. If you have a job you would like to advertise in the bulletin, please email bluelight.pensions@local.gov.uk.

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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 bluelight.pensions@local.gov.uk.

Table 1: Calendar of events

Event	Date
FPS coffee morning	11 and 25 January 2022
North East regional group	16 February 2021
LGA Annual Fire Conference and Exhibition	15 – 16 March 2022
SAB	24 March 2022
SAB	23 June 2022
SAB	8 September 2022
SAB	8 December 2022

FPS

Immediate Detriment Framework update

Readers will be aware that on 29 November 2021 the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. That withdrawal was accompanied by an HM Treasury note and Home Office statement on funding.

The Immediate Detriment Framework guidance to FRAs available on the [age discrimination page](#) of the FPS Regulations and Guidance website has been updated. Log-in details are required to access the page and can be provided to practitioners and administrators only.

If you are taking decisions on immediate detriment cases following the withdrawal of the guidance, you should speak to your FRA's Nominated Contact.

Technical query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates.

No new queries have been added this month.

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FPS England SAB updates

[FRA remedy self-assessment survey research report and Chair's Christmas message](#)

We are pleased to bring you this year-end message from Joanne Livingstone, chair of the FPS England Scheme Advisory Board, which announces the publication of the outcomes of the FRA remedy self-assessment survey:

“Dear friends & colleagues,

The Scheme Advisory Board (SAB) is pleased to be able to share with you the results of the survey undertaken by the SAB secretariat in order to provide us with insights into the current administration arrangements and the challenges being faced by FRAs, in the light of both business as usual and remedy based challenges.

[FRA remedy self-assessment survey research report](#)

We would like to thank you all for engaging with the survey and making the time to share your plans and thoughts with us. You will see that this has led to recommendations being made for both the SAB and other stakeholders. There are a number of recommendations in each of the key areas of future administration arrangements and for individual elements of remedy, namely data; contributions; processes; information, communications and coordination; knowledge, capability and capacity.

The SAB is well aware of the challenges and amount of work required to implement the various remedies and we expect that this risk will be prominent in your corporate risk registers. The SAB secretariat will be sending your individual responses to you, to benchmark against the overall average and we hope that this will help you to identify any areas for further focus to ensure that all FRAs have full project plans for the different teams required.

With regard to the communication challenges, the SAB hopes to provide assistance by making available a range of generic scenarios and some information videos in the coming months. Our committees have been busy working on this and are also looking at ways to ensure that the information resources are reaching the right people. All feedback is very welcome.

We know from the survey that the ticking timeclock is a concern. It does not seem a full year since I penned my first Christmas letter to you but we are already approaching the festive season so I thought I would also use this opportunity to reflect a little on the year's work. The year has been dominated by consultations and, in most but not all matters, their outcomes. The predominantly new Home Office pensions team has provided considerable engagement. We have all spent time considering the topics of remedy, 2016 valuations, and future valuation methodology for the cost cap and funding purposes. Meanwhile the pandemic has continued, though we are hoping that the main SAB meetings will be able to start to have a physical meeting element.

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There have been changes in the SAB membership during the year. And, of course, you will also be aware of the departure of Clair Alcock to be Head of Police Pensions and the promotion of Claire Hey to be our Senior Adviser. This has left the Bluelight Team temporarily reduced in numbers and I would particularly like to thank Claire for working so hard to fill the void. I look forward to welcoming the new recruits when they are on board.

I would like also to thank my fellow SAB members, the SAB committee Chairs and all those involved in the Fire Pension committees, for their invaluable contributions and impressive knowledge and willingness to work through the issues.

So happy reading of the survey and best wishes to you all for the festive season.

Joanne Livingstone. Chair, English Firefighters' Pension Scheme Advisory Board"

Open letter from SAB to HMT on withdrawal of ID guidance

On 29 November 2021, the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. The decision to withdraw the guidance was indicated as being based on [HM Treasury's best assessment on the advisability of processing immediate detriment cases](#).

The Board has written an [open letter to HM Treasury on the withdrawal of the guidance](#) to request more information on the risks and uncertainties mentioned in their assessment.

SAB SMA committee vacancy

The Board continues to carry a vacancy on the [Scheme Management and Administration \(SMA\) committee](#) for an FRA LPB representative. The main objectives of the committee are to provide guidance to the SAB to understand the value and cost of administration and to consider how scheme managers and administrators can best be supported by identifying best practice.

This is a great opportunity for an LPB member to get more involved with governance at a national level and represent the views of the sector.

The required commitment is usually three to four meetings per year, and these are currently being held virtually. If you are interested in sitting on the committee or would like more information, please email bluelight.pensions@local.gov.uk.

Other News and Updates

Appointment to the Bluelight Team

Following a successful recruitment campaign, we are delighted to announce that Claire Johnson has been appointed to the Bluelight Team in the role of Firefighters' Pensions Adviser (Employers) and will join the LGA on 24 January 2022.

Claire has 12 years' public service pension experience, in the LGPS and Firefighters' Pension Schemes. Claire commenced Local Government employment in 2010 at West Yorkshire Pension Fund, before moving to West Yorkshire Fire and Rescue Service in 2016 where she has undertaken the role of Pensions Manager.

Claire's role at the LGA is to provide support to FRAs and FPS practitioners. In addition, Claire will lead the development of national FPS communications.

Vacancy at West Yorkshire Fire and Rescue Service

Claire's arrival at the LGA leaves a vacancy for a Pensions Manager at West Yorkshire FRS. You can find out more about the role on the [WYFRS careers webpage](#).

The closing date for applications is 16 January 2022 and interviews will take place week commencing 24 January 2022.

Claire would be happy to have an informal chat with anybody interested in the role, please email claire.johnson@westyorkfire.gov.uk to organise this.

Vacancy at North Wales Fire and Rescue Service

Please find below details of a current vacancy for Senior Pensions Officer which is open to existing North Wales FRS employees and external applicants. The closing date for receipt of application forms is 12.00 noon on 14 January 2022.

[Advert for Senior Pensions Officer](#)

[Recruitment information pack for Senior Pensions Officer](#)

The application form can be found on the [Current Vacancies](#) page of the North Wales FRS website.

PDP December newsletter

The Pensions Dashboards Programme (PDP) has published its [December newsletter](#). The newsletter includes links to:

- the PDP director's blog reflecting on programme activity over 2021
- a press release confirming the selection of three potential dashboard providers
- the Pensions Administration Standards Association (PASA) guidance on data matching
- the monthly technical newsletter from the PDP's technical architecture team.

New TPO resources

The Pensions Ombudsman (TPO) has published the following resources for service users on its website:

- [Unacceptable behaviour policy](#)
- [Accessibility policy](#)
- [Determination factsheet](#)

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HMRC

Enrolment on MPS

HMRC have recently been in touch with the Bluelight team to encourage FRAs who may be having difficulty enrolling on the Managing Pension Schemes (MPS) service to use the step-by-step guide that was issued to them by email on 25 August 2021. A copy can be provided on request – please email bluelight.pensions@local.gov.uk.

If authorities are still experiencing difficulties, they should email john.curtis@hmrc.gov.uk to arrange a call to talk through the process.

Events

FPS coffee mornings

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

The last session of the year took place on 21 December 2021. We will reconvene on 11 January 2022.

We are pleased to include the presentations from recent sessions below:

[21 December 2021 – Christmas coffee morning](#)

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

Legislation

SI	Reference title
2021/1308	The Occupational Pensions (Revaluation) Order 2021
2021/1319	The State Pension Debits and Credits (Revaluation) Order 2021
2021/1320	The State Pension Revaluation for Transitional Pensions Order 2021
2021/1394	The Pension Schemes Act 2021 (Commencement No. 5) Regulations 2021

Useful links

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

Contact details

Claire Hey (Senior Pension Adviser)

Telephone: 07825 731 924

Email: claire.hey@local.gov.uk

Kevin Courtney (NPCC Pensions Adviser)

Telephone: 020 7664 3202

Email: kevin.courtney@local.gov.uk

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

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FPS Bulletin 53 – January 2022

Welcome to issue 53 of the Firefighters' Pensions Schemes bulletin.

We wish all readers 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 this bulletin, suggested items for future issues, or a job you would like to advertise, please email bluelight.pensions@local.gov.uk.

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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 bluelight.pensions@local.gov.uk.

Table 1: Calendar of events

Event	Date
FPS coffee morning	8 and 22 February 2022
North East regional group	16 February 2022
Fire Communications Working Group	1 March 2022
FPS Technical Group	7 March 2022
LGA Annual Fire Conference and Exhibition	15 – 16 March 2022
SAB	24 March 2022
SAB	23 June 2022
SAB	8 September 2022
SAB	8 December 2022

FPS

Immediate Detriment Framework – Update on position from FRAs

We understand that FRAs are continuing to consider adoption of the Immediate Detriment Framework.

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It would be useful for the LGA to know what the current position is in each FRA. We will therefore shortly be contacting scheme managers to ask what arrangements are currently in place for their FRA.

This information will be important for us to better understand the current landscape, which means we will be best placed in our discussions with other parties to identify any necessary solutions, and able to provide further support to FRAs where needed.

The latest guidance on the Framework, which was updated at the end of last year following the statements from the Home Office and HM Treasury on immediate detriment, can be found on the [age discrimination page](#) of the FPS Regulations and Guidance. Log-in details are required to access the page and can be provided to practitioners and administrators only.

LGA response to Home Office consultation

We reported in [FPS Bulletin 51](#) that the Home Office had launched a consultation on amendments to the pension scheme regulations to deliver the first set of changes to remove the transitional protections from the FPS 2015.

On 2 January 2022, the [LGA submitted its response to the consultation on the prospective changes](#).

The changes are intended to come into force on 1 April 2022.

Age discrimination remedy help and support

With April 2022 on the horizon, we are conscious that FRAs and administrators will be very much focused on remedy and the prospective changes which are due to come into force on 1 April 2022.

We are also aware that the retrospective remedy will be at the forefront of people's minds. By now we expect that you are working through the guidance issued in [FPS Bulletin 44](#) and are gathering the data that you require to populate the FPS remedy data collection template.

We want to support you in these efforts and ask for suggestions on ways in which you feel that our resource and expertise may benefit you and your organisations. We are planning on setting up some working groups and are happy to deliver training and/or knowledge refreshers.

Please let us know what support you think would be useful by emailing the Bluelight Pensions inbox bluelight.pensions@local.gov.uk.

Administrator remedy self-assessment survey

In addition to the above, readers may recall that last summer the Scheme Advisory Board (SAB) launched an FRA remedy self-assessment survey. As part of their statutory role to provide advice to scheme managers and Local Pension Boards in relation to the efficient and effective administration and management of the FPS, the Board wanted to understand more about arrangements for managing the pension scheme and specifically for implementing the age discrimination remedy.

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To do this, the Board prepared a self-assessment survey to take a temperature check of current arrangements. The survey was specifically aimed at FRAs and, as a result, a [research report](#) was published in December's edition of the bulletin. All FRAs were also provided with individual feedback.

The data received was extremely useful and, with both Sargeant and Matthews remedies on the horizon, we thought that it would be prudent to understand the administrators' position. With this in mind, we plan to launch an administrator survey. The survey can be expected in the coming weeks and will be shared with our key contacts within the relevant administrators.

Once the survey has closed, we will analyse the data and provide a report to the SAB for a forthcoming meeting. Welsh administrators are also invited to complete the survey and the data will be shared with the Welsh Scheme Advisory Board.

We ask that administrators are as open as possible when completing the survey, this will help us consider what additional support and advice will be needed.

Technical query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates.

No new queries have been added this month.

FPS England SAB updates

LGA vacancy - Firefighters' Pensions Adviser - Governance

We are looking for someone to join us at the LGA to provide high-quality support to the Scheme Advisory Board (SAB) and FRAs' Local Pension Boards as a [Firefighters' Pensions Adviser – Governance](#) on a home or office-based contract.

The ideal candidate will have knowledge and experience of the FPS and excellent communication skills to support scheme stakeholders through a number of upcoming legislative developments that will require clear and comprehensive information and will bring with them significant administrative and communication challenges.

The closing date for applications has been extended to 18 February 2022 and interviews will take place in the week commencing 7 March 2022.

Please contact claire.hey@local.gov.uk with any questions about the role.

SAB response to Home Office consultation

We reported in [FPS Bulletin 51](#) that the Home Office had launched a consultation on amendments to the pension scheme regulations to deliver the first set of changes to remove the transitional protections from the FPS 2015.

On 2 January 2022, the [SAB submitted its response to the consultation on the prospective changes](#).

The changes are intended to come into force on 1 April 2022.

SAB levy 2021-22 – Request for Purchase Order numbers

We are pleased to confirm that the SAB budget for 2021-22 has been approved by the minister and the invoicing process has started.

In 2014, FRAs entered a shared arrangement to fund a technical adviser post to support FRAs with their understanding and management of the Firefighters' Pension Schemes. The employers' voluntary subscription is included in the final levy.

The total levy for the 2021-22 year will be £9.16 per firefighter, which is calculated at £6.88 for the SAB and £2.28 for employers. A letter was sent by email to Chief Fire Officers and HR Directors on 11 January 2022 advising them of this.

Devolved FRAs have also been sent levy requests with regard to the employer advice service provided to them by the LGA.

The first stage of the process is for FRAs to provide a valid purchase order number, stating the number of employees eligible to join one of the Firefighters' Pension Schemes as of 1 April 2021, using the form provided with the letter.

SAB SMA committee vacancy

The Board continues to carry a vacancy on the [Scheme Management and Administration \(SMA\) committee](#) for an FRA LPB representative. The main objectives of the committee are to provide guidance to the SAB to understand the value and cost of administration and to consider how scheme managers and administrators can best be supported by identifying best practice.

This is a great opportunity for an LPB member to get more involved with governance at a national level and represent the views of the sector.

The required commitment is usually three to four meetings per year, and these are currently being held virtually. If you are interested in sitting on the committee or would like more information, please email bluelight.pensions@local.gov.uk.

Other News and Updates

DWP consultation on pensions dashboards

On 31 January 2022, the Department for Work and Pensions (DWP) published a [consultation on draft Pensions Dashboards Regulations](#). The consultation closes on 13 March 2022.

The purpose of this consultation is to seek views on a range of policy questions relating to the creation of pensions dashboards. An indicative draft of the Regulations is included to show how DWP envisage the policy would be turned into law.

The Board has previously responded to requests for information on dashboard implementation expressing concern around the potential value of dashboards for firefighters and the suggested timescales for Public Service Pension Schemes to make data available:

[SAB response to DWP consultation – Pensions dashboards: Working together for the consumer](#) (January 2019)

[SAB response to PDP call for input on dashboard staging](#) (July 2021)

These responses may be useful when considering your replies.

In addition, the [Pensions Dashboards Programme \(PDP\) published a report from Ipsos Mori](#) on 25 January 2022. The PDP had commissioned Ipsos Mori to undertake qualitative research on the attitudes of potential dashboard users, their circumstances, behaviours, and views of the dashboard concept.

On the same day, Rita Patel, Lead Analyst for the PDP, published a [blog summarising the report's main findings](#), which are:

- respondents reacted almost uniformly positively to the concept of dashboards
- respondents expect to see value information, both accrued and projected
- a find-only dashboard, which located pensions without displaying values, was of limited appeal
- a phased or partial service could negatively affect dashboards' reception
- dashboard users need to know what the service can and cannot do for them, as well as having clear signposting of government backing, in order to increase trust in its security.

DWP is hosting a series of webinars connected to the consultation to help stakeholders form their responses. You can register for the webinars on the [PDP webpage publicising the consultation](#). There is also a range of documents to support the consultation, outlining the scope of PDP's standards.

Public Service Pension Indexation and Revaluation 2022

On 20 January 2022, HM Treasury issued [written statement HCWS548](#) confirming the Public Service Pension Indexation and Revaluation for 2022.

Public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2021. The increase from 11 April 2022 is 3.1%.

HMT has published the [2022 pensions increase multiplier tables](#) and [covering note](#) to the GOV.UK website in advance of the Pensions Increase (Review) Order being laid.

FPS 2015 will use the figure of 4.1% as set out in the statement for the earnings element of revaluation for active members to be applied at one second after midnight on 31 March 2022.

TPO webinars

Following feedback from stakeholders, The Pensions Ombudsman (TPO) is running a series of short webinars at the end of March. Topics will include:

- A general introduction to TPO
- The work of the Early Resolution Service
- Volunteers
- How to Avoid The Ombudsman

To register your interest in attending any of these events, email stakeholder@pensions-ombudsman.org.uk.

Judicial review challenging McCloud consultation dismissed

On 15 December 2021, the [High Court handed down its judgment](#) dismissing the judicial review brought by the Police Superintendents' Association (PSA). The PSA challenged the legality of the consultation remedying the discrimination identified in the McCloud judgment in the unfunded public service schemes and the decision to close the legacy schemes on 1 April 2022.

The Court upheld some aspects of the PSA's claims. The Court found that the Government had not given clear conscientious consideration to the consultation responses before deciding to close the legacy schemes on 1 April 2022 and that parts of the public sector equality duty were breached. The Court decided against granting relief as it found it highly likely that the Government would have made the same decisions if the breaches had not occurred.

The [PSA has announced that it will seek leave to appeal](#) to the Court of Appeal.

DWP responds to 'stronger nudge' consultation

The [Department for Work and Pensions \(DWP\) responded to the consultation 'Stronger Nudge to pensions guidance'](#) on 17 January 2022.

On the same day, the DWP laid before Parliament [the Occupational and Personal Pension Schemes \(Disclosure of Information\) \(Requirements to Refer Members to Guidance etc\) \(Amendment\) Regulations 2022](#).

The regulations come into force on 1 June 2022 and apply to England, Scotland, and Wales. The regulations will require administrators of occupational pension schemes to give to their members, in certain cases, a stronger nudge to Pension Wise guidance.

There is no action required by FPS administrators or practitioners, as the FPS does not offer “[flexible benefits](#)” as defined by the Pension Schemes Act 2015.

Vacancy at Avon Fire and Rescue Service

Please see below details of a job opportunity at Avon Fire & Rescue Service. The closing date is Mon 7 February.

[Workplace Pensions Advisor | Yes You Can! The Avon Fire & Rescue Service Job Site](#)

This links through to the advert and then onto the JD. This is a very flexible role and could be filled full or part time, and it can be a hybrid of home and office working. There are good benefits in AF&RS and access to funded development as well as the opportunity to branch out into other specialist areas

HMRC

HMRC newsletters/bulletins

On 17 January 2022, HMRC published [Pension schemes newsletter 136](#) containing important updates and guidance for schemes. The newsletter includes articles on:

- Relief at source — notification of residency status report for 2022 to 2023
- Normal minimum pension age (NMPA)
- Extension to some of the temporary changes to relief at source processes
- Maintaining qualifying recognised overseas pension schemes (QROPS) status
- Pension flexibility statistics
- Managing Pension Schemes service
- Scheme Pays reporting

Managing Pension Schemes service – message to FRAs

On 18 January 2022, we emailed FRA FPS contacts and FPS pension administrators with the following update from HMRC on the migration of pension schemes from the Pension Schemes Online service to the Managing Pension Schemes service:

“We’re currently planning to release the feature for migrating pension schemes in early April 2022.

As currently planned, from mid-March 2022, you’ll no longer be able to compile and submit an AFT return for any quarter from 1 April 2020 on the Pension Schemes Online service.

This means that if you need to submit an AFT return for the quarter 1 January 2022 to 31 March 2022, you must migrate your pension scheme in time to compile and submit the AFT return by the filing deadline of 15 May 2022.

[Click here to return to Contents](#)

If you've compiled but not yet submitted a new AFT return on the Pension Schemes Online service for any quarter from 1 April 2020, you also won't be able to successfully submit this on that service from mid-March.

To be able to migrate pension schemes, scheme administrators must be [enrolled](#) on the Managing Pension Schemes service using their existing 'A0' administrator ID. Scheme administrators with [multiple administrator IDs](#) will need to have completed the process of setting up their 'Master' and 'Ancillary' IDs, and have enrolled using their 'Master' ID.

Further information on this can be found in our [Pension Schemes newsletter](#), which was published on GOV.UK today and our guidance [Migrating your pension scheme to the Managing Pension Schemes service](#).

Please email migration.mps@hmrc.gov.uk if you have any questions or feedback on the Managing Pension Schemes service, including the migration of pension schemes."

Events

FPS coffee mornings

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

The next session is due to take place on 8 February 2022.

We are pleased to include the presentations from recent sessions below:

[11 January 2022 – Forward look 2022](#)

[25 January 2022 - Abatement](#)

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

Legislation

SI	Reference title
2022/30	The Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc.) (Amendment) Regulations 2022

[Click here to return to Contents](#)

Useful links

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

Contact details

Claire Hey (Senior Pensions Adviser)

Telephone: 07825 731 924

Email: claire.hey@local.gov.uk

Claire Johnson (Firefighters' Pensions Adviser – Employers)

Email: claire.johnson@local.gov.uk

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Disclaimer

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

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FPS Bulletin 54 – February 2022

Welcome to issue 54 of the Firefighters' Pensions Schemes bulletin.

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

If you have any comments on this bulletin, suggested items for future issues, or a job you would like to advertise, please email bluelightpensions@local.gov.uk.

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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 bluelightpensions@local.gov.uk.

Table 1: Calendar of events

Event	Date
FPS coffee morning	8 and 22 March 2022
Fire Communications Working Group	1 March 2022
FPS Technical Group	7 March 2022
LGA Annual Fire Conference and Exhibition	15 – 16 March 2022
Eastern Region Fire Pension Group	21 March 2022
SAB	24 March 2022
SAB	23 June 2022
SAB	8 September 2022
SAB	8 December 2022

Actions arising

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

[Abatement](#): Scheme managers to review abatement policy in light of Pensions Ombudsman determination PO-25374.

[Prospective remedy \(1 April 2022\)](#): All parties to ensure changes needed for 1 April 2022 are in place before that date.

[Administrator remedy self-assessment](#): Administrators to complete self-assessment survey by 18 March 2022.

FPS

Immediate Detriment Framework update on current position

We know that FRAs are keen to understand the current position of the Immediate Detriment Framework while they continue to consider adoption. For the time being, the current position as reported in [FPS Bulletin 52 – December 2021](#) remains unchanged and FRAs taking decisions on cases following the withdrawal of the Home Office guidance should speak to their nominated contact.

The LGA is continuing to press the government for further advice, and we are aware that similar issues are now arising across the other public service schemes. We will provide a more substantive update as soon as we are able.

To assist us with these discussions and to identify any necessary solutions we have approached FRAs to clarify their current position on immediate detriment and adoption of the Framework as well as any barriers they are encountering. FRAs were asked to respond no later than 28 February and, at publication, we have received 25 replies.

As we are still waiting for a proportion of FRAs to respond, we are intending to extend the deadline to Friday 4 March. FRAs who are yet to submit a response will be contacted directly and encouraged to do so where possible.

Abatement update

Subscribers to our Coffee Mornings will recall that the session held on 7 February 2022 was dedicated to abatement. This was in light of the recent [Pension Ombudsman ruling – PO25374](#).

In summary, the FRA identified a re-employed pensioner who should have been abated on reemployment but wasn't and, as a result, an overpayment of pension was identified, which the FRA sought to recover. The member challenged this as they believed that the FRA had a duty of care to alert them at the outset that their pension would be abated.

The complaint was partially upheld. The Ombudsman determined that the FRA didn't have an additional duty of care to the member other than the requirement to provide factually correct information. The complaint was upheld to the extent that the FRA did not follow reasonable process when exercising their discretion under rule K4 of FPS 1992 and making its decision to abate the members pension.

For those wishing to familiarise themselves with the presentation, the [abatement slides](#) are available on the [Coffee Morning section](#) of the [FPS Regs and guidance website](#).

As suggested at the session, we have taken advice from the SAB's legal advisor. They were asked to provide an informal view on the PO determination and, as a result, should FRAs consider changing their policy on blanket abatement.

The response confirmed that the PO determination is correct. The determination is supported by case law on exercising discretions, and the process that should be followed.

The main issue here is that the FRA had a blanket policy which stipulated abatement would apply. This meant that there was no room for 'discussion' in terms of the circumstances in which abatement would not apply.

The Board's legal advisor confirmed that it would have been fine for the policy to state that only in exceptional circumstances would abatement not apply, but even then, the FRA would need to show on a case-by-case basis that consideration was given as to whether any exceptional circumstances existed.

Action for FRAs – To review all existing policies on abatement and make necessary changes to ensure that proper consideration is taken when agreeing whether abatement should apply. It is also recommended that FRAs formally document each decision to evidence that they have made an informed decision.

In addition to the above, FRA may now wish to revisit previous decisions and possibly 'correct' any prior procedural deficiencies by now considering whether any 'exceptional circumstances' (as outlined in the FRAs policy) apply. If there are and were 'exceptional circumstances' that existed, then the FRA would need to address those on a case-by-case basis.

We are currently in the process of updating the abatement guidance, however, as the existing factsheet doesn't make any reference to the application of a blanket abatement policy FRAs can be assured that they can still use the document.

Preparation for 1 April 2022

With April only weeks away we thought it would be prudent to provide FRAs and administrators with some guidance as to what **must** happen to ensure a smooth transition for their members.

It should be common knowledge by now that with effect from 1 April 2022 **all** protected members will be treated as members of the FPS 2015. The [Public Service Pensions & Judicial Offices Bill](#) (PSPJO Bill) is clear that no-one can remain in the legacy scheme from 1 April 2022. Payroll and administration systems **must** show the member in the reformed scheme from 1 April 2022, this includes ensuring that the correct contributions are being deducted.

You **must** also ensure that members are clear on which scheme they are in from 1 April 2022. To assist you with this, we have provided a [suite of letters](#) which we recommend are used when communicating with members. In addition, as per our disclosure factsheet, members **must** be informed of any change in their contribution banding. It is recommended that this is communicated immediately, however, the regulations do provide FRAs with three months' grace.

Failure to comply with the above direction would constitute a legal risk for the FRA which could result in further litigation.

Scheme members with fixed or enhanced lifetime allowance (LTA) protection

If, as an employer or administrator of the FPS you think that some of your members may hold a form of fixed or enhanced protection from LTA charges, you need to tell them, if you haven't already, to act before 1 April 2022 if they want to avoid losing their protection.

Your members may wish to seek independent financial advice to help them to understand the impacts and decide the best course of action regarding protections from lifetime allowance charges.

The government's remedy proposals mean that individuals who originally lost their enhanced or fixed protection solely due to joining the reformed scheme (and not due to a subsequent action, such as benefit accrual) will not have lost their protection. However, they will lose their protection if they accrue benefits under the reformed scheme from 1 April 2022.

To keep fixed or enhanced protection:

- individuals who have not yet joined the reformed scheme will need to opt out of joining that scheme by 1 April 2022.
- individuals already in the reformed scheme will need to stop accruing benefits from 1 April 2022.

Members will need to speak to their scheme administrator about how to:

- opt out of the reformed scheme
- stop accruing benefits from 1 April 2022

Further guidance on what members need to do to reinstate their protection because of the Sargeant remedy will be provided by HMRC/ HM Treasury at a later date.

FPS contribution rates 2022-23

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 2015-2016 to 2018-2019, 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 2015-2016 to 2018-2019.

For 2019-2020, FRAs were instructed that the 2018-2019 rates would continue to apply, due to the pause of the cost-cap mechanism. These rates will continue to apply for 2022-2023. The [contribution rate factsheet](#) reminds FRAs of the contribution rates set out in the above Regulations and Orders which will apply from 1 April 2022.

Administrator self-assessment survey launched

As mentioned in [FPS Bulletin 53 – January 2022](#), we are pleased to confirm the launch of our administrator self-assessment survey. The survey was emailed directly to administrators on 24 February 2022. We are hoping that the survey will give us a better understanding of the preparations which administrators have made in relation to the implementation of the age discrimination remedy as well as their readiness for Matthews and Pension Dashboards.

Once the survey has closed, we will analyse the data and provide a report to the SAB for a forthcoming meeting. Welsh administrators are also invited to complete the survey and the data will be shared with the Welsh Scheme Advisory Board.

We ask that administrators are as open as possible when completing the survey, as it will help us understand the challenges you are facing and consider what additional support and advice is needed.

It would be greatly appreciated if responses could be submitted by 18 March 2022.

Technical query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates.

¹ [SI 2015/579](#), [SI 2015/590](#)

Queries have been answered this month in the following categories: Compensation Scheme (page 41) and Special Member (page 73). Queries from earlier months have been grey shaded to differentiate from new items.

FPS England SAB updates

FPS Remedy 2015 – Your questions answered

Following the Scheme Advisory Board (SAB) [meeting of 30 September 2021](#) an action was taken to commission a suite of illustrative member scenarios to provide members with a better understanding of the implications of the McCloud/ Sargeant remedy on their benefits. This is to include a selection of members personas across the schemes, with benefits illustrated at a range of key retirement milestones.

Barnett Waddingham was appointed to deliver this work following a successful procurement exercise and as part of the project, suggested delivery of a warm-up communication to answer some key concerns or recurring questions that members have about the changes that are due to take place on 1 April 2022 and beyond.

Even though there is a lot of information available, we still find that there are many 'myths', 'untruths', 'fake news' etc. circulating and it is clear from activity on various social media platforms that some firefighters do have gaps in their knowledge when it comes to remedy. We find it concerning that employees may be relying on these forums to make life changing decisions and feel that it is appropriate and desirable for individuals to be fully armed with factual information before making such decisions.

We are therefore pleased to present the [FPS 2015 Remedy 'fact checker'](#) which has been developed by Barnett Waddingham, in collaboration with the SAB the Board secretariat, and the Scheme Management & Administration committee. We hope that this document will alleviate some concerns and answer some unknown questions for the FPS membership.

This document is intended to be circulated as widely as possible. We ask that you distribute this within your authorities using your normal communication channels, including uploading to any internal or external member-facing websites as appropriate. The document text has been added as a new page to the [FPS Member 2015 Remedy section](#), with the PDF available as a download.

Please note that the text around Annual Allowance limits has been updated since the original version was circulated on 10 February, to confirm the lower tapering limit as £4,000 and add context around when this might apply.

The illustrative scenarios are currently being finalised and will be provided in early March.

Joanne Livingstone responds to letter from South Yorkshire Local Pension Board

On 25 January 2022, the chair of South Yorkshire FRA's Local Pension Board (LPB) wrote to the chair of the Scheme Advisory Board (SAB) to express concern about the withdrawal of the Home Office informal guidance on immediate detriment.

Joanne Livingstone responded on 18 February outlining action taken by the Board to date and asking for agreement for the letters to be made public. The exchange of letters has been published to a new page on the SAB website called [‘correspondence’](#).

The SAB is currently still awaiting a response to its letter to HM Treasury of 17 December 2021.

SAB SMA committee vacancy

The Board continues to carry a vacancy on the [Scheme Management and Administration \(SMA\) committee](#) for an FRA LPB representative. The main objectives of the committee are to provide guidance to the SAB to understand the value and cost of administration and to consider how scheme managers and administrators can best be supported by identifying best practice.

This is a great opportunity for an LPB member to get more involved with governance at a national level and represent the views of the sector.

The required commitment is usually three to four meetings per year, and these are currently being held virtually. If you are interested in sitting on the committee or would like more information, please email bluelightpensions@local.gov.uk.

Other News and Updates

Head of pensions

As some of you will be aware, Jeff Houston is retiring from the role of Head of Pensions at the LGA and Secretary to the Local Government Pension Scheme Advisory Board (SAB) in England and Wales on 31 March 2022.

We are pleased to confirm that following a competitive recruitment exercise Joanne Donnelly will be taking over the role from 1 April 2022. Jo is currently Senior Pensions Secretary at the LGA and Deputy SAB secretary. She previously worked at HM Treasury.

DWP consultation on pensions dashboards

As reported in [FPS Bulletin 53 – January 2022](#), on 31 January 2022 the Department for Work and Pensions (DWP) published a [consultation on draft Pensions Dashboards Regulations](#). The consultation will run for six weeks and close on 13 March 2022.

Pensions Dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards.

The consultation proposes a staging deadline of the end of April 2024 for public service pension schemes, including the FPS. This means that FPS administrators will need to be able to connect to the digital architecture by this date and be ready to provide individuals' data to them via the dashboards.

We will be responding to the consultation on behalf of the LGA and the SAB. Our response will express concern about FPS administrators' ability to meet the staging deadline given the other pressures they face and the data that will be available at that time.

We expect the McCloud remedy regulations to come into force from 1 October 2023. FPS administrators will already be under huge pressure at this time, implementing the retrospective part of remedy. We anticipate that the second options exercise for special members of FPS 2006 (Matthews) may be underway by then too, adding further resource pressure on FRAs and their administrators.

We have significant concern that the information available in April 2024 will not reflect both the legacy and reformed scheme benefits that a member could choose from at retirement. This is because the first set of annual benefit statements that will include remedy benefits will not be issued until August 2024. Providing members will incorrect or incomplete information could undermine the credibility of the dashboard and decrease member engagement.

For these reasons, our response will state that we are doubtful that a staging deadline of April 2024 is achievable.

TPO webinars

As a reminder, the Pensions Ombudsman (TPO) is running a series of short webinars at the end of March. Topics will include:

- A general introduction to TPO
- The work of the Early Resolution Service
- Volunteers
- How to Avoid The Ombudsman

To register your interest in attending any of these events, email stakeholder@pensions-ombudsman.org.uk.

The Ombudsman has also added three new factsheets to its website:

- [Death benefits](#)
- [Ill health pensions](#)
- [Pension scams](#)

State Pension age review: call for evidence

Under the Pensions Act 2014, the Government must undertake an independent review of the State Pension age every six years. Baroness Neville-Rolfe will prepare an independent review making recommendations to the Government on what metrics it should consider when setting the State Pension age in future.

On 9 February 2022, DWP launched a call for evidence to gather views on this subject to feed into that review. The [independent report call for evidence](#) will close on 25 April 2022.

The call for evidence seeks views from members of the public and all interested parties on various points including:

- Intergenerational fairness
- Notice periods for State Pension age changes
- Changes in working patterns
- Predicted future changes to the workplace
- Sustainability and affordability
- Options for taking into account differences in circumstances when setting State Pension age
- What metrics should be considered to determine State Pension age.

Automatic enrolment trigger remains the same

DWP has published its review of the automatic enrolment trigger for 2022/23. The earnings trigger will remain at £10,000. This is a real term decrease in the value of the trigger and the Government estimates this will bring a further 17,000 savers into pension savings, when compared to increasing the trigger in line with average wage growth.

HMRC

HMRC publishes Pension Schemes Newsletter 137

On 28 February 2022, HMRC published [Pension Schemes Newsletter 137](#), which contains articles on:

- Public service scheme members with fixed or enhanced protection
- Loss of Lifetime Allowance protection
- Relief at source
- Digitisation of relief at source
- Scheme Pays reporting
- The managing pension schemes service

Managing Pension Schemes service – migration of schemes

[Pension schemes newsletter 137](#) provides an update on the migration of pension schemes from the Pension Schemes Online service to the Managing Pension Schemes service. The feature for migrating pension schemes will be available from 11 April 2022.

Scheme administrators must be [enrolled on the Managing Pension Schemes service](#) to be able to migrate their pension schemes.

To migrate pension schemes to the Managing Pension Schemes service, you'll need to provide some up-to-date information for each scheme. The information can be found in [Appendix A of Pension Schemes Newsletter 136](#). We'd encourage you to start collating this information, so you're prepared to migrate your pension scheme(s).

On the 11 April HMRC will provide further guidance on the new features being added to the Managing Pension Schemes service.

Please email migration.mps@hmrc.gov.uk if you have any questions or feedback on the Managing Pension Schemes service.

Events

FPS coffee mornings

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

The next session is due to take place on 8 March 2022 and will focus on preparations for 1 April 2022.

We are pleased to include the presentations from recent sessions below:

[7 February 2022 – Pension Dashboards – an overview \(The Pensions Regulator\)](#)

[22 February 2022 – Pension Dashboards \(Featuring Heywood Pension Technologies\)](#)

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

Legislation

SI	Reference title
2022/88	The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling) Order 2022
2022/158	The Occupational Pension Schemes (Schemes that were Contracted-out) (No. 2) (Amendment) Regulations 2022

Useful links

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

Contact details

Claire Hey (Senior Pensions Adviser)

Telephone: 07825 731 924

Email: claire.hey@local.gov.uk

Claire Johnson (Firefighters' Pensions Adviser – Employers)

Email: claire.johnson@local.gov.uk

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

For those grappling with Firefighters' pensions, Perspective provides the very best tool to find the right answer!

Perspective Table of Documents Recently Opened Title or Abbreviation

SI 1992/129 The Firemen's Pension Scheme Order 1992 (E) ★

Document

C1 Spouse's ordinary pension

(1) This rule applies **Subject to paragraph (1A) this rule applies** where a person entitled to reckon at least **3 years'** **2 years'** pensionable service dies, leaving a **surviving spouse or civil partner**—

(a) while serving as a **regular firefighter**, unless an election under **rule G3** not to pay pension contributions had effect at the time of his death, or

(b) while in receipt of an ordinary, short service or ill-health **pension**, or

(c) while in receipt of an **injury pension under the Compensation Scheme**, if he has been but no longer is in receipt both of that **pension** and of an ill-health **pension**, or

(d) in consequence of an **injury** on account of which he **retired** from service as a **regular firefighter** with an ill-health gratuity, if he has not since had any period of such service.

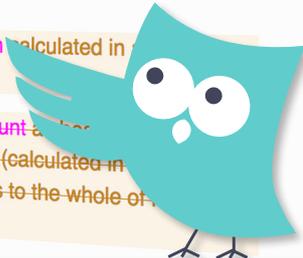
(1A) This rule does not apply to a person who dies leaving a spouse or civil partner while serving as a **regular firefighter** if **paragraph (6) of rule A3** applied to that person.

(2) Where this rule applies the **surviving spouse** is, subject to paragraph (3), entitled to an ordinary **pension** calculated, subject to **Part 1 of Schedule 11** (calculation in certain cases where deceased serving or entitled to **pension** on 1st July 1973), in accordance with **Part 1 of Schedule 3**.

(2) Where this rule applies the **surviving spouse** or surviving civil partner is entitled to an ordinary **pension** calculated in with **Part 1 of Schedule 3**.

(2A) Subject to paragraph (3), the **The surviving civil partner** is entitled to an ordinary **pension** of such amount as he or she would be entitled to if he or she were the **surviving spouse** (calculated in accordance with **Part 1 of Schedule 3**), the same proportion that the deceased's service after 5th April 1988 bears to the whole of his or her pensionable service.

(3) Where the deceased died while serving as a **regular firefighter**, the **surviving spouse or civil partner** is entitled to an ordinary **pension** calculated in accordance with **Part 1 of Schedule 3**.



KEY FEATURES

- Consolidated versions of the 3 main sets of Scheme Regulations (and for each scheme, different jurisdictions: for example, we have separate versions of the 1992 Pension Scheme Order for each of England, Wales and Scotland);
- Ability to see Firefighters' Regulations as in force on any date in the past or at any date in the future (known as Time Travel);
- Help schemes deal with the legislative implications of McCloud;
- News stories, consultations and regulatory updates relating to Firefighters' pensions included in our daily news service;
- Ability to annotate the text of any legislative or other document, enabling your most experienced team members to share their knowledge with their less experienced colleagues;
- Powerful search engine allowing you to search the whole of Perspective (over 30,000 documents) or confine the search to documents relating to firefighters' pensions.

For further details please contact:
raf.shergold@pendragon.co.uk
 020 7608 9022

Perspective





FPS Bulletin 55 – March 2022

Welcome to issue 55 of the Firefighters' Pensions Schemes bulletin.

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

If you have any comments on this bulletin, suggested items for future issues, or a job you would like to advertise, please email bluelightpensions@local.gov.uk.

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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 bluelightpensions@local.gov.uk.

Table 1: Calendar of events

Event	Date
FPS coffee morning	5 and 19 April 2022
SAB	23 June 2022
SAB	8 September 2022
SAB	8 December 2022

Actions arising

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

[Matthews](#): No later than **31 May 2022** FRAs to inform LGA of total numbers of member, split by scheme (FPS 1992, FPS 2006), affected by aggregation.

[Member communication post 1 April 2022](#): FRAs to contact all current former protected members and provide key features of FPS 2015 communication.

[Top up grant 2022 – Collection of pensions accounting data](#): In addition to the pensions income/expenditure data that you will be submitting on DELTA, FRAs to send the Home Office electronic copies of the trial balances from audited accounts where the pensions income/expenditure data was extracted for completion of the audited 2020/21 DELTA return, to include any post balance sheet adjustment events.

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FPS

Home Office consultation response and amending legislation

On 8 March 2022, the Home Office published its [consultation response on prospective remedy](#), along with a [frequently asked questions document](#).

The consultation response confirms the amendments to the pension scheme regulations which will deliver the first set of changes and remove the transitional protections from the FPS 2015. In addition, it confirms provisions for an ill health underpin which will ensure that a protected member who applies for ill health retirement before 31 March 2022, and which is determined in their favour after that date, is treated no less favourably than if the application had been determined on that date.

The Home Office has identified one scenario where a member who transitions on 1 April 2022 with an ill-health decision pending could be placed in a worse position. This would be where a legacy FPS 1992 member moves across to the FPS 2015 and does not meet the qualifying criteria for ill-health retirement in the FPS 2015 but would have met the corresponding criteria under the legacy FPS 1992.

To avoid any such members being in a worse position than if the decision had concluded prior to 1 April 2022, changes have been made to the FPS 2015 regulations which mean that the member is assessed for ill-health retirement against a Normal Pension Age (NPA) of 55

The response also makes provisions to allow arrangements for members who are purchasing service in the legacy schemes by way of periodical contributions, entered before 1 April 2022, to continue on after that date.

These changes enact the policy announced in February 2021 and are consequential to the provisions in the Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) which received Royal Assent on 10 March.

[The Police and Firefighters' Pension Schemes \(Amendment\) Regulations 2022](#) were laid in parliament on 21 March. The amendments come into force on 1 April 2022 and enable the prospective elements of the 2015 Remedy as set out in the consultation.

A further Home Office consultation will take place later in the year on the retrospective amendments that are required to fully deliver the remedy. This includes establishing the deferred choice underpin (DCU) and the changes needed to offer pensioners and beneficiaries of deceased scheme members an immediate choice between legacy or reformed scheme benefits.

Matthews – Second options exercise

Readers may be aware of the category of members of the Firefighters' Pension Scheme 2006 (FPS 2006) known as "special members" who were introduced in 2014, following [Matthews v Kent and Medway Towns Fire Authority & others](#), which allowed retained firefighters employed between 1 July 2000 and 5 April 2006 to join the FPS 2006 with retrospective effect to 1 July 2000.

A time-limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the benefits under the FPS 1992, the FPS 2006 was amended as the FPS 1992 was closed.

More recently, work has again had to take place on the pensions aspect of "Matthews", following the European Court of Justice's decision in [O'Brien v Ministry of Justice](#) concerning fee paid judges in the Judicial Pension Scheme. The judgment held that remedy could extend back before the Part-time Workers Directive was required to be implemented on 7 April 2000.

On 9 March 2022, after an extended period of negotiations, a [Memorandum of Understanding \(MoU\)](#) was agreed between the government, the Fire Brigades Union, the Fire & Rescue Services Association, and FRA employers.

It was confirmed that remedy for retained firefighters affected by the O'Brien judgment will be provided by way of a second options exercise allowing in-scope individuals the opportunity to purchase pension entitlement as a special member of the FPS 2006. More details on the scope and mechanics of the settlement are available in our [summary of "Matthews" MoU and second options exercise factsheet](#).

The regulations to implement the second options exercise in England will be drafted by the Home Office and consulted on before they are laid before Parliament. The Home Office has a maximum period of 18 months to draft, consult, and introduce the necessary secondary legislation.

FRA's will be expected to start the second options exercise as soon as possible after the legislation comes into force. The exercise will run for a maximum period of 18 months.

Prior to the legislation coming into force, FRA's are advised to take steps to identify retained firefighters who were employed between the relevant dates and ascertain what steps were taken to identify and contact individuals who were eligible for the first options exercise. This will help FRA's determine whether the retained firefighter is in scope again this time around.

We have also asked FRAs to identify any retained firefighters who have transferred from retained to wholetime employment and maybe subject to aggregation. For clarity, the individual must have been in retained employment at some point between 7 April 2000 and 5 April 2006 and they must have joined wholetime employment without a break in, or overlap of, service. Once these individuals have been identified, and **no later than 31 May 2022**, FRAs should email bluelightpensions@local.gov.uk with the total number of members, split by scheme that the firefighter joined in respect of their wholetime employment, for example, FPS 1992 = 3, FPS 2006 = 5.

Member communications post 1 April 2022

On 8 March 2022, the [FPS Coffee Morning was dedicated to the preparation for prospective remedy](#). Attendees were reminded that all current members of the Firefighters' Pension Schemes who remain active employees beyond 31 March 2022 do so as a member of FPS 2015. Full details on what action must be taken can also be found in [FPS Bulletin 54 – February 2022](#).

It was agreed that, in addition to distributing the [protected member letter](#) in advance of 1 April 2022, FRAs should contact **all** protected members once the transition into FPS 2015 has taken place; this is to ensure that members become familiar with some key features of the scheme. To help FRAs with this we have provided a [protected member communication post-April 2022](#) that can be used. It is strongly advised that FRAs send this communication to all former protected active members as soon as possible.

Contingent decisions – Optant outs

On 25 March 2022, we shared a communication with relevant stakeholders on contingent decisions, more specifically on the area of optant outs. The communication confirmed that, due to the pension changes in 2015 and the subsequent introduction of FPS 2015, some firefighters chose to opt out of the pension scheme rather than transition into FPS 2015. The government has recognised in its [Public Service Pensions consultation response](#) that some members would have taken a different course of action had they known that continued membership of their legacy scheme (FPS 1992, FPS 2006 including special members) during the remedy period was an option. The government therefore intends to legislate for decisions such as this through the contingent decision aspect of the retrospective legislation. This is confirmed in [section 5 of the PSPJOA](#).

Although the final policy on this matter is yet to be determined and we cannot provide any guarantees that a particular case will be deemed a contingent decision, we thought it would be prudent to bring the matter to FRAs' attention so that action can be taken where required.

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It is our understanding that contingent decisions only cover the remedy period (1 April 2015 to 31 March 2022). This means that should a member remain opted out beyond 1 April 2022 they may, under retrospective legislation, be given the option to buy back their opted-out service which occurred during the remedy period. However, it is unlikely that regulations will permit them to buy back service after 31 March 2022. This could therefore mean that their pension would remain deferred with a payment age of 60 for FPS 1992 and 65 for FPS 2006 (special members have a deferred payment age of 60), regardless of whether they buy back the opted-out service during the remedy period.

We understand that some members have indicated that they want to buy back their opted-out service for the remedy period, as they want to retire as an active member. If this is the case, members should speak with their pension/payroll department and arrange to be opted back into the FPS on or before 1 April 2022.

FRA's were strongly advised to communicate this message with staff.

As expected, this communication generated a significant amount of interest from members, and we received many questions in respect of this. Unfortunately, as a final policy decision is yet to be determined, we cannot provide any more clarity on this matter. We understand that members have questions about whether the contingent decision provision captures them and their personal set of circumstances. We also understand that members want to understand the cost implications and what repayment options may look like. However, we cannot provide definitive further clarity at this time. We appreciate that this is frustrating for all concerned and give our assurance that more detail will be provided as and when it is available.

Cost control valuation 2016 finalised

Following HM Treasury's publication of Amending Directions in October 2021, the Home Office has finalised the 2016 valuations for the FPS providing certainty on the outcome to scheme members.

On 16 March 2022, the [final outcome of the cost-control element of the 2016 valuation](#) for the FPS in England was published, confirming a breach to the cost cap ceiling of 14.6%.

This process had previously been paused following the uncertainty arising from the McCloud and Sargeant judgments and was 'un-paused' in 2020.

The report confirms that the cost control element 2016 valuation is not used to set the employer contribution rate and changes to the employer contribution rates resulting from the 2020 valuations will take effect from April 2024.

In 2021, the government [announced proposed reforms to the Cost Control Mechanism](#) which will be implemented in time for the 2020 valuations. These reforms do not affect the 2016 valuations as the government previously decided that it would be inappropriate to reduce member benefits based on a mechanism that may not be working as intended.

The government therefore announced that any ceiling breaches found when schemes complete the 2016 valuations will be waived. This means that no member will face a reduction in their benefits as a result of the 2016 valuation.

We reported in November that unions across the public sector had launched a judicial review against the government about including McCloud/ Sargeant remedy costs in the cost control mechanism. The provisional results of the 2016 cost cap valuation showed that all public service schemes were cheaper than expected. This would have led to a reduction in contributions or improvements in benefits from April 2019 had the cost control process not been paused.

[The Home Office has published a set of FAQs](#) on the valuation results to assist stakeholders.

Top up grant 2022 – Collection of pensions accounting data

On 28 March 2022, the Home Office sent an email to Claim Certifiers and Administrators to advise that FRAs should now be working towards submitting **audited 2020/21** and **unaudited 2021/22** pensions income/expenditure data as part of this year's top up grant claim. 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 in the first week of April.

ACTION: In addition to the pensions income/expenditure data to be submitted on DELTA, the Home Office is also requesting that all FRAs provide electronic copies of the trial balances from audited accounts where the pensions income/expenditure data was extracted for completion of the audited 2020/21 DELTA return by email, to include any post balance sheet adjustment events. These should be sent to Anthony.Mooney@homeoffice.gov.uk.

Also, please let Anthony Mooney know if you have had a change in staff from last year's submission as they will need to be set up on DELTA to be able to input data.

Please note that this information is needed by **Friday 13 May 2022** to enable the relevant checks to be undertaken (and further clarification sought from FRAs where necessary) in time to make the next batch of grant payments in July.

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.

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

1. a cross-reference check on the audited 2020/21 pension income/expenditure data with the unaudited 2020/21 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
2. a cross-reference check on the unaudited 2021/22 pension income/expenditure data with the updated forecast 2021/22 pensions income/expenditure data (submitted by each FRA in August 2021).

If the variances breach certain tolerance levels, then the DELTA form will request a short explanation to explain the difference before the form can be submitted.

The DELTA forms also include a 'declaration form' link which sets out the terms of the submission – effectively this details what data should be included/excluded from the returns. Please note that this does **not** need to be signed and returned but should be read and applied before finalising your submissions.

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

FPS annual update 2022

We confirmed in [FPS Bulletin 54 – February 2022](#) that FPS contribution rates remained unchanged for 2021-22.

All relevant thresholds and rate changes for 2022 are available in the [FPS annual update 2022](#).

All relevant legislation can be viewed on our website under annual update Statutory Instruments.

Technical query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates. There have been no new queries added this month.

FPS England SAB updates

FPS 1992 Scotland – commutation provisions

On 24 December 2021, the Scottish Public Pensions Agency (SPPA), on behalf of the Scottish Government, conducted a public consultation inviting stakeholders to register their views on changes to existing provisions for commutation in the FPS 1992.

Those changes were proposed following discussions at the Police Scheme Advisory Board on two aspects of commutation in the equivalent legacy police scheme. Having reached a position on those aspects with police stakeholders, and given the similarities in the legacy schemes, Scottish Ministers were of the view that similar consideration should be given to the equivalent firefighters' provisions.

The first aspect concerned the existing commutation factor underpin, which gives retiring firefighters access to the commutation factor available to an equivalent firefighter in England, should that provide for a higher lump sum. This underpin was due to expire on 31 March 2022, and Scottish Ministers proposed to extend this indefinitely.

Secondly, regulation B7 of the FPS 1992 allows commutation of pension to a tax-free lump sum. Generally, this allows a member to commute up to 25 per cent of their pension to a lump sum on an actuarially neutral basis, but where the member is at least age 50, has more than 25 years' but less than 30 years' service and retires before the age of 55, a commutation restriction is applied.

In those cases, a lump sum of no more than two and a quarter times the member's pension can be paid. The proposed changes remove this cap entirely, allowing all firefighters who are entitled to an ordinary pension to commute up to the maximum 25 per cent of their pension.

The consultation closed on 1 February 2022 and the amending regulations were laid on 3 March 2022. The proposals were adopted in full. The changes due to come into force on 1 April 2022 and the changes to the commutation cap will not be retrospective.

We have been approached by several stakeholders asking whether there are any immediate implications for English FRAs as a result of the removal of the commutation restriction in Scotland and, if not, if there is any intention for the regulations for England to be amended in due course. The change to the Scottish regulations has no direct impact on English FRAs; regulation B7(5) for the Firemen's Pension Scheme Order 1992 (England) remains in force and restricted commutation continues.

It should be noted that there are a number of substantive differences between the management and governance of the FPS in England and in Scotland. For example, the Scottish FRS is a single FRA employer with a single administrator, the responsible authority is also the scheme manager, and different funding arrangements apply.

Since 2013, FRAs in England have had the [discretion to pay a lump sum in excess of two and a quarter times the full amount of the pension](#) under regulation B7(5A). If an FRA chooses to use this discretion, an amount equal to the difference between the restricted and unrestricted lump sum has to be paid by the FRA into the pension account. There could therefore be a financial implication for FRAs if the restriction was removed entirely.

Commutation is an HM Treasury (HMT) policy and any change to the policy would also require an amendment to the scheme regulations. Scottish government did not need HMT consent in order to implement the change in Scotland.

A discussion paper was taken to the Scheme Advisory Board (SAB) on 24 March 2022 to ask Board members to consider whether the Home Office, as responsible authority, should be asked to consider a change to the regulations.

Concerns were raised at the meeting in relation to impact on workforce planning, financial implications, and member welfare (ensuring that members have sufficient long-term monthly income in retirement, if retiring at a younger age and 'cashing in' more of their pension). The Board established that it would need to understand more about the impact on the members, employers, and the scheme, before any formal application is made to the Home Office. The secretariat has taken an action to follow up on obtaining this data and an update will be provided to Board members at a future meeting.

HMT respond to the SAB on immediate detriment

We reported in [FPS Bulletin 52](#) that the chair of the SAB had written an [open letter to HMT on the withdrawal of the Home Office informal guidance](#) on immediate detriment. The letter, dated 17 December 2021, asked for more information on the risks and uncertainties which HMT said arose as a result of processing cases ahead of legislation.

On 23 March 2022, [HMT provided a response outlining the factors behind the withdrawal](#) in more detail. The response highlights that Section 61 of the Equality Act 2010 does not, in HMT's opinion, allow for amendment of a member's tax position. The response details several tax complexities which have been identified and will be dealt with through legislation.

The SAB acknowledges the response, which has been shared with the LGA and the FBU as parties to the Memorandum of Understanding/ Immediate Detriment Framework.

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Other News and Updates

PSPJOA 2022 receives Royal Assent

The Public Service Pensions and Judicial Offices Bill received Royal Assent on 10 March 2022 and became the [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022), which will come into force on 1 April 2022.

The PSPJOA 2022 legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases.
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Bespoke measures implement corresponding changes in the Judicial Pension Schemes and Local Government Pension Scheme to reflect their different arrangements.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

These changes provide public service workers with greater certainty of their benefit entitlements. Going forwards, public servants will receive guaranteed pension benefits, but on a fairer basis, and in a way that ensures that they are affordable and sustainable into the future.

DWP consultation on pensions dashboards

On 11 March 2022, the LGA and SAB submitted their responses to the Department for Work and Pensions (DWP) [consultation on the draft Pensions Dashboards Regulations 2022](#) in respect of the Firefighters' Pension Schemes.

Pensions Dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards. The consultation proposes a staging deadline of the end of April 2024 for public service pension schemes, including the Firefighters' Pension Scheme. This means that Fire scheme administrators will need to be able to connect to the digital architecture by this date and be ready to provide individuals' data to them via the dashboards.

While the LGA and SAB are supportive of dashboards and their purpose, there are strong concerns over the proposed staging schedule given the conflicting pressures faced by administrators and the data that will be available at that time. The [LGA response to the DWP consultation](#) and the [SAB response to the DWP consultation](#) both therefore ask for the staging date to be delayed a further 12 months until April 2025.

The Finance Act 2022

The Finance Act 2022 received Royal Assent on 24 February 2022 and comes into force on 6 April 2022. [Sections 9 and 11](#) will have consequential impact on the 2015 Remedy for the FPS:

- Section 9: Annual allowance deadlines. Deadlines for electing for scheme pays and associated payment and reporting deadlines will be extended for certain members who are informed of a change in pension input amount for a past pension input period.
- Section 11: Powers to change tax rules related to the McCloud remedy. The Act provides HM Treasury (HMT) with wide powers to make regulations to address tax impacts that arise as a result of implementing the McCloud remedy. Different regulations may apply to different public service pension schemes. The regulations will have retrospective effect.

More information on the likely powers under section 11 can be found in the [HMRC policy note issued in October 2021](#). Any measures will require secondary HMT legislation to implement, which is not anticipated until later in 2022

Mandatory scheme pays deadlines are changing

[The Finance Act 2022](#) and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#) ('the new regulations') will change the timescale for members to make or amend a mandatory scheme pays election when paying an annual allowance charge. The changes will apply when the information used to calculate a member's pension input amount is retrospectively amended.

The LGA is currently reviewing the impact of these changes and we will provide more information in due course.

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Job vacancy at the LGA

The Scheme Advisory Board (SAB) to the LGPS in England and Wales is looking for a Pensions Secretary. The successful candidate will provide professional support to the SAB and its committees and will also lead on developing the SAB's digital presence.

For more information and to apply see the [Jobtrain website](#). The closing date is 19 April 2022.

Events

FPS coffee mornings

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

The next session is due to take place on 5 April 2022.

We are pleased to include the presentations from recent sessions below:

[8 March 2022 – Preparing for prospective remedy](#)

[22 March 2022 – 'Matthews' and the 2023 options exercise](#)

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

Legislation

Acts

[Public Service Pensions and Judicial Offices Act 2022](#)

SI	Reference title
2022/79	The Firemen's Pension Scheme (Amendment) (Scotland) Order 2022
2022/103	The Firefighters' Pension Scheme (Scotland) Amendment Regulations 2022
2022/215	The Public Service Pensions Revaluation Order 2022
2022/216	The Social Security Revaluation of Earnings Factors Order 2022

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2022/232	<u>The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2022</u>
2022/259	<u>The Occupational Pensions Schemes (Fund Compensation Levy) (Amendment) Regulations 2022</u>
2022/297	<u>The Guaranteed Minimum Pensions Increase Order 2022</u>
2022/333	<u>The Pensions Increase (Review) Order 2022</u>
2022/336	<u>The Police and Firefighters' Pension Schemes Amendment Regulations 2022</u>
2022/343	<u>The Firefighters' Pension Scheme (Wales) (Amendment) Regulations 2022</u>
2022/392	<u>The Registered Pension Scheme (Miscellaneous Amendments) Regulations 2022</u>

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [Khuf Firefighters Pensions Discussion Forum](#)
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- [LGA pensions website](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Scottish Public Pensions Agency - Firefighters](#)
- [Welsh Government Fire circulars](#)

Contact details

Claire Hey (Senior Pensions Adviser)

Telephone: 07825 731 924

Email: claire.hey@local.gov.uk

Claire Johnson (Firefighters' Pensions Adviser – Employers)

Email: claire.johnson@local.gov.uk

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

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Henry Elks
Deputy Director
Workforce Pay and Pensions Team
HM Treasury
henry.elks@hmtreasury.gov.uk

Peter Spreadbury
Deputy Director
Public Safety Group
Home Office
peter.spreadbury@homeoffice.gov.uk

4 April 2022

BY EMAIL ONLY

Dear Messrs Elks and Spreadbury,

Firefighters Pension Scheme - Age discrimination remedy

This letter is submitted jointly by the Local Government Association (LGA) on behalf of Fire and Rescue Authorities (FRAs), and by the Fire Brigades Union (FBU) on behalf of their members.

We cannot express strongly enough our continued frustration at the government's failure, as expressed by HM Treasury and Home Office, to support FRAs in ensuring affected FPS members are placed in the position required by the Court of Appeal in December 2018 (McCloud/Sargeant), prior to implementation of remedy legislation. Affected members are those who have, or are, taking benefits prior to the implementation of remedy legislation and therefore could face an immediate detriment.

As you are aware from discussions beforehand and correspondence with the LGA, we agreed a framework in October 2021 designed to make payments to FPS members in scope of remedy within existing legal powers on the basis that it would mitigate or avoid an immediate detriment to such members, therefore avoiding the need for continued legal action by those members.

Since that time we have seen the withdrawal of the Home Office Guidance and the position of HM Treasury, as expressed in the accompanying note, of opposing any possible solution for scheme members other than waiting for final regulations in October 2023. This has left FRA's in a position of uncertainty and affected scheme members are actively preparing legal action once again.

Should such action commence, that would again mean a separate set of proceedings running in parallel to the proceedings currently before the Employment

Tribunal, and also wholly avoidable legal costs to FRA's (and ultimately the taxpayer).

We accept that there are, as set out in the HMT note, significant difficulties in making *some* payments, in particular those connected with contributions until the tax position becomes clear and we would be happy to discuss with you how best to make progress in this area. The Claimants in any new proceedings will claim that they are entitled to damages that place them in the same position, net of any tax, that they would have found themselves in if there had been no discriminatory treatment (as did the Claimants in the proceedings that have already been issued and settled). If we assume that the court determines the claim in favour of the Claimants and grants the relief sought, at best, from the FRAs' perspective, that would mean having to pay compensation in respect of any additional tax charges and then spending very considerable administrative time and expense seeking recovery of the tax paid from HRMC. At worst it would mean paying compensation in respect of the tax and not being able to recover it.

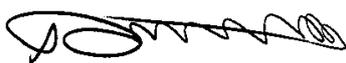
We do not however see any issues with the immediate payment of pension arrears or arrears of lump sum for those within 12 months of leaving and would be grateful for your support in making such payments, in particular, by confirming that such payments will be treated no differently from payments of pension outside of the scope of remedy with regard to funding.

Furthermore, with the Finance No 2 Bill gaining Royal Assent it is entirely within the gift of HM Treasury to bring forward regulations to authorise the payment of lump sum arrears beyond 12 months of leaving and we would ask that this is progressed as soon as possible.

Finally, your stance in respect of the position of members who receive payments prior to the implementation of the remedy legislation not being able to be regularised by remedy legislation is unhelpful. Although we can appreciate your desire to be prudent in not providing 'carte blanche' for unreasonable payments, the provisions of both the Public Service Pensions and Judicial Offices Act and the Finance Act 2022 appear to provide more than adequate flexibility to ensure the regularisation of scheme members benefiting from a considered approach to immediate detriment cases.

None of us wish to see taxpayer money being wasted on legal actions which will no doubt merely confirm a scheme member's right to payments in line with the Court of Appeal's judgment. We stand ready to meet with you at any time to discuss how this regrettable situation can be avoided.

Yours sincerely,



Jo Donnelly
Local Government Association



Matt Wrack
Fire Brigades Union



Gwasanaeth Tân ac Achub
De Cymru
South Wales
Fire and Rescue Service

McCloud/ Sargeant - Pensions Remedy

Your questions answered

Pensions Remedy (or the 2015 Remedy as it's officially called) is the term used for the upcoming changes within public sector pension schemes. The 2015 Remedy will address the age discrimination that has been judged to have taken place in public service pension schemes, such as the Firefighters' Pension Schemes.

There have been a number of changes to pension arrangements in recent years, which has resulted in a lot of 'new' information being made available to members. We're aware of the confusion this can cause and also that a number of 'myths', 'untruths', 'fake news' etc. are circulating in relation to the 2015 Remedy and its impact on members' benefits.

It's important to us that members have accurate information when making important decisions about their futures, even if those decisions do not need to be made for some time. The information provided here should help to answer some of the questions around the 2015 Remedy that we know members have. We've also included some information about the 2015 CARE scheme as we know this is another topic people have questions about. We'll be producing a more detailed benefit illustrations communication in March 2022, which should further help your understanding.

In the meantime, if you need more information after reading this document, please visit fpsmember.org/2015-remedy

The information provided here has been prepared for the Firefighters' Pension Scheme Advisory Board for Wales (SABW) by Barnett Waddingham LLP. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.

Before we get into checking some 'facts' about the 2015 Remedy, let's address a couple of other key questions which we know members are asking...

What is the 2015 Remedy and why is it important?

Before 2015 (2014 for local government), public sector pension schemes provided benefits on a final salary basis. In 2015 (2014 respectively), the Government replaced the final salary schemes with new career average (CARE) schemes for future pensionable service. Existing members had to switch from the final salary schemes to the new CARE schemes unless they received 'protections', which were granted based on a member's proximity to normal pension age.

In December 2018, the McCloud/Sargeant judgment found the protections introduced in 2015 to be discriminatory against younger members of the final salary schemes. In February 2021, following consultation on its proposal to address the age discrimination, the Government published its response which explained that:

- Final salary schemes will be permanently closed to future pension build up on 31 March 2022. These final salary schemes will become known as 'legacy schemes'.
- All active members (including members who had previously been granted protections) will build up benefits in the relevant CARE schemes from 1 April 2022. The CARE schemes will be known as 'reformed schemes'.
- Any service built up by affected members in a CARE scheme during the 'remedy period' (1 April 2015 to 31 March 2022) will be converted to final salary scheme service.
- At retirement, affected members will need to make a decision on how they want the benefits earned during the remedy period to be calculated. The choice is between the relevant final salary scheme or the 2015 CARE scheme.

- Annual benefit statements will be provided to members for each of these schemes, setting out their entitlement under both options. This will ensure members have a clear understanding of the benefits available so that they can choose the most beneficial option for them when they come to take their benefits.

Who is affected by the 2015 Remedy?

Members will be affected by the 2015 Remedy if the following applies:

- They were a member of the Firefighters' Pension Schemes or eligible to be a member on or before 31 March 2012; and
- They were a member of the Firefighters' Pension Schemes between 1 April 2015 and 31 March 2022; and
- The two periods above were continuous (or treated as continuous under the Scheme regulations, including a qualifying break in service of less than five years).

The changes not only affect active members, but also deferred or pensioners members who have left or retired since 1 April 2015.

2015 Remedy 'Facts' – True or False

I need to take action now or I'll be worse off

FALSE

Members don't need to take any action now. The Government has committed to applying these changes across all public sector pension schemes. This means members don't need to do anything to receive the 2015 Remedy or to protect their existing benefits.

Affected members will need to make a decision close to retirement about whether to take benefits built up during the remedy period from the relevant final salary or 2015 CARE scheme. Benefit illustrations for both schemes will be provided to members to help them decide.

Affected deferred and pensioner members who have left the Scheme or retired since April 2015 will be contacted automatically by their Firefighters' Pension Schemes administrator. The only action you should take is to make sure your contact details are up to date with your pension scheme administrator.

A list of administrators is available at fpsmember.org/contact

I need to leave the scheme before 1 April 2022 to 'protect' my final salary scheme benefits. If I move into the 2015 CARE scheme when my final salary scheme closes, I will lose the rights to my 1992/2007 scheme pension.

FALSE

It is true that final salary schemes will be closed to future pension build up on 1 April 2022. This means all active members (including members who received protection) will move into the Firefighters' Pension Scheme 2015 (the 2015 CARE scheme) from 1 April 2022 and build up benefits in the 2015 CARE scheme from that date.

However, when you move into the 2015 CARE scheme on 1 April 2022, you will still have access to any final salary benefits you have built up in the Firefighters' Pension Scheme 1992 (FPS 1992) or the Firefighters' Pension Scheme 2007 (FPS 2007). No changes will be made to these benefits, and the benefits you've built up will be calculated using the final salary scheme rules when you retire, meaning your final salary benefits are protected. Your future service will also count towards double accrual in respect of service in FPS 1992. The benefit illustrations that will be made available in March 2022 will show how this works.

You can find out more at fpsmember.org/fps-2015/double-accrual-guarantee

But I will still have to work until I'm 60 to get anything!

FALSE

You can still choose to retire at your final salary scheme's normal pension age. You would then receive the sum of:

- Your final salary pension up to 31 March 2015 from your relevant normal pension age;
- For service between 1 April 2015 and 31 March 2022, the choice of pension calculated in line with your relevant final salary or 2015 CARE scheme, and;
- Any 2015 CARE scheme pension built up from 1 April 2022 until your retirement date.

Any FPS 1992 pension will be enhanced for double accrual as noted above.

The 2015 CARE scheme pension for both service in the remedy period and service after 1 April 2022 may be reduced if you choose to take your 2015 CARE scheme pension before age 60, as it is being paid for longer than expected.

If you do choose to retire before age 55, you will not be able to access your 2015 CARE scheme pension immediately. This can then be taken from age 55 with early retirement reductions or paid in full at your State Pension age.

The changes negatively impact me; I'd be better off financially if I opt out of the 2015 CARE scheme.

FALSE

You can opt out of the scheme at any time, but please think carefully before doing this and consider taking independent financial advice. While your take-home pay may be higher, you lose other valuable benefits including additional guaranteed income in retirement and death-in-service cover.

The 2015 CARE scheme is still a valuable defined benefit scheme, which is expected to be worth more than your contributions. It's a Career Average Revalued Earnings (CARE) scheme, which means it provides benefits based on your average salary throughout your career instead of final salary. A pension of 1/61.4th of your pay is added to your pension account each year and revalued in line with average weekly earnings until retirement. When you retire, you'll have the option to exchange part of your pension for a tax-free lump sum.

If you opt out of the 2015 CARE scheme, you should be aware you won't benefit from building up additional pension in a scheme where the employer contributes a significant proportion of the cost. You'll receive a lower level of pension at retirement, and it will also impact your death-in-service cover and the value of any potential ill-health pension.

2015 CARE scheme benefits for active members are payable from age 60 (without reduction) and from age 55 onwards (with reduction). If you opt out, benefits are instead payable from your State Pension age and CARE pension taken before State Pension age will be reduced by the relevant early retirement factors. CARE pension will also not be revalued in line with average weekly earnings but revalued in line with Consumer Price Index (CPI).

If you opt out, your final salary scheme benefits would also become deferred. In that case, FPS 1992 benefits are payable from age 60 and FPS 2007 benefits from age 65.

See more information at fpsmember.org/fps-2015/optiming-out

I can just transfer my benefits out of the pension scheme instead...

TRUE though there are restrictions

If you leave the pension scheme, you may be able to transfer your benefits to another public sector pension scheme or registered occupational pension scheme with defined benefits in the Public Sector Transfer Club. However, under Government regulations, it's not possible to transfer to defined contribution schemes such as a personal pension.

You can only transfer your benefits once you have left the pension scheme and as long as you are not within one year of normal pension age

I've heard some high earners are opting out of the Firefighters' Pension Schemes. This must mean they're no good.

FALSE

You may have heard of some high earners opting out of the schemes. While we're unable to comment on individual cases, we'd expect this could be to avoid triggering a tax charge from either the annual or lifetime allowance by remaining in the scheme. For information, the annual allowance is the limit on the total amount that can be saved into a pension scheme each tax year with tax relief applying and before a tax charge might apply. The annual allowance is currently £40,000 for most people. However, if you're a high earner with an income above £200,000 a year, your annual allowance might gradually reduce to as low as £4,000. The lifetime allowance (currently £1,073,100) is the limit on how much you can build up in pension benefits over your lifetime while still enjoying the full tax benefits.

If you think you might be affected by this, we recommend you seek regulated financial advice, as it may still be in your interests to remain in the scheme even if you have to pay tax or ask the scheme to pay it on your behalf in return for a reduction in benefits.

More information on tax is available at fpsmember.org/need-to-know/tax-and-your-pension-benefits

Once I've reached 30 years of service, I won't build up any more benefits in the 2015 CARE scheme.

FALSE

There is no limit to the amount of service you can build up in the 2015 CARE scheme regardless of how much was built up in your final salary scheme. The maximum service that can be built up in the final salary schemes is 40 years (30 years for the FPS 1992 scheme as service after 20 years counts double).

If I joined before I was 20, I will still get my contributions holiday after 30 years once I've transferred to the 2015 CARE scheme.

FALSE

The contributions holiday was introduced to take account of the fact that members could not build up more than 30 years of service in the FPS 1992. As there is no service cap in the 2015 CARE scheme, the contributions holiday provision does not apply. You will carry on building up benefits for every year you are a scheme member.

If I move into the 2015 CARE scheme when the final salary scheme closes, I won't receive a tax-free lump sum when I retire.

FALSE

The rules around tax-free lump sums are not changing. This means you will still be able to access a tax-free lump sum from your final salary and 2015 CARE schemes when you retire. If you have service in the FPS 1992 scheme, the age-related commutation factors will still apply to this part of your benefits.

We just want our pensions to be put right... My Fire & Rescue Authority is dragging its heels.

FALSE

Because the 2015 Remedy offers you a deferred choice, many people won't have to make a decision for some time, until they are due to retire.

This is helpful because there are still some complex issues to resolve and administration challenges to overcome before schemes will be in a position to implement the 2015 Remedy and process cases without the risk of members not getting right the tax relief or interest on the various payments that will need to be made.

This is why the Government has given public sector pension schemes until October 2023 to make new laws to move affected members of the CARE schemes back to their final salary schemes for the remedy period and offer a choice to those retiring.

For more information on the Government's progress in implementing the 2015 Remedy go to: commonslibrary.parliament.uk/research-briefings/cbp-9177

However, for those that are retiring sooner or have already retired, individual Fire and Rescue Authorities are considering how to respond to changing Government guidance on processing cases. Any payments that are made at a later date will be backdated and have interest applied.

We're also making a more detailed communication available to members in March 2022. This will show a range of illustrative member scenarios to help you better understand the implications of the 2015 Remedy on your benefits.

The differences between the final salary and CARE pension schemes means the set of benefits that is best for members depends on personal circumstances and preferences, including things you may not yet know, such as how your salary changes in the future and when you will retire. The communication will outline various scenarios, using different milestones and salary profiles for a set of example members in service across all the final salary schemes.

This means you'll be able to see the benefits the members would be entitled to if they retired at these milestones, comparing the position of the member choosing final salary or CARE benefits for the remedy period.





Gwasanaeth Tân ac Achub
De Cymru
South Wales
Fire and Rescue Service

McCloud/ Sargeant - Pensions Remedy

Benefit illustrations

About this communication

This communication follows the fact checker produced in February 2022, which aims to answer some recurring questions that members have about the 2015 Remedy. You can find the fact checker at fpsmember.org/2015-remedy/2015-remedy-your-questions-answered

This communication provides a range of benefit illustrations based on different scheme memberships, scenarios and salary profiles. The range of benefit illustrations should help explain the impact of the 2015 Remedy on members' benefits. This communication does not constitute advice for members but is intended to provide information on how benefits are calculated under the 2015 Remedy.

Before we get into the benefit illustrations, let's remind ourselves of the 2015 Remedy and its impact.

Reminder of the 2015 Remedy

The 2015 Remedy is the official term used to describe the upcoming changes within the Firefighters' Pension Schemes. The changes will remove the age discrimination that has been judged to have taken place since 2015.

The changes brought about by the 2015 Remedy will mean that:

- From 1 April 2022, all active members of the Firefighters' Pension Schemes will build up benefits in the FPS 2015 (sometimes referred to as the 2015 CARE scheme).
- If you are affected by the 2015 Remedy, any service built up in the FPS 2015 between 1 April 2015 and 31 March 2022 (the 'remedy period') will be converted to service in your former final salary scheme. Benefits in the FPS 2015 during the remedy period are called '**reformed benefits**' and benefits in the relevant final salary scheme are known as '**legacy benefits**'.
- As the contribution rates are different for each of the schemes, you may owe extra contributions when your service is converted, or money may be due to you for overpaid contributions.
- At retirement, you will need to make a decision about whether to take your legacy or reformed benefits for the remedy period. This is often referred to as the 'deferred choice underpin'.

- As part of this decision, you will need to take into account any readjustment of contributions needed.
- **Any change to your contributions will also include adjustments for tax relief and interest. For this reason, we have not included member contributions within the illustrations.**
- Members who were previously taper-protected and moved into the FPS 2015 after 1 April 2015 will have to make a choice for legacy or reformed benefits for the whole of the remedy period.

For more information about the 2015 Remedy, including whether you are affected, go to fpsmember.org/2015-remedy/2015-remedy-your-questions-answered

Introduction to the benefit illustrations

The differences between the legacy and reformed schemes mean the set of benefits that is best for you depends on your personal circumstances and preferences, including things you may not yet know, such as how your salary changes in the future and when you will retire.

To improve members' understanding, we have produced a selection of benefit illustrations using different scenarios and salary profiles for a set of example members in service across all the final salary schemes. This shows the total benefits these example members would be entitled to if they retired at key retirement milestones, comparing the position of the member should they choose legacy or reformed benefits for the remedy period at that time. The benefit illustrations show the pension and maximum cash lump sum amounts at different retirement ages. The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences. **Please note these benefit illustrations are for information only. You do not need to take any immediate action. It's only at retirement that you will need to make a decision as to whether to take your legacy or reformed benefits.**

Every year, you are sent an annual benefit statement from your FPS administrator. Once the pension regulations are in place and the administration systems have been updated, administrators can start work on updating these benefit statements to show your entitlement for both legacy and reformed benefits. This will help you to have a clearer understanding of the benefits available leading up to your retirement.

You'll also receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

The benefit illustrations

We've produced benefit illustrations for five different member profiles:

1. [FPS 1992 – member achieved less than 30 years' pensionable service before 1 April 2022](#)
2. [FPS 1992 – member achieved 30 years' pensionable service before 1 April 2022](#)
3. [FPS 2007 – full-time member](#)
4. [FPS 2007 – part-time/ retained member](#)
5. [FPS 2007 for special members \(RDS modified\)](#)

Each benefit illustration will show two salary profiles/ career progressions:

- A member who remains at firefighter level throughout their career.
- A member who progresses from firefighter to watch manager throughout their career.

We can't produce an illustration to match every member's personal circumstances. You should therefore read the illustration that is closest to your circumstances – you don't need to read every illustration if you don't want to.

How do I know which legacy scheme I belong to?

If you joined the Firefighters' Pension Scheme:

- Before 6 April 2006, you will be a member of the **FPS 1992**.
- On or after 6 April 2006 but before 1 April 2015, you will be a member of the **FPS 2007**.
- If you are a retained firefighter with service between 1 July 2000 and 5 April 2006, you may be a **special member** of the **FPS 2007**.



1. FPS 1992 – member achieved less than 30 years' pensionable service before 1 April 2022

Example member profile details:

Member profile	
Date of birth	31 March 1977
Age at 31 March 2022	45 years
Previous final salary scheme	FPS 1992
Joined scheme at age	25 years
Pensionable service at 31 March 2022	20 years
Salary at 31 March 2015	£29,000
Salary at age 50	£34,161
Salary at age 55	£36,801
Salary at age 60	£39,645
Full or part time	Full time

How is pension in the FPS 1992 calculated?

The FPS 1992 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 1992 pension is calculated as follows:

$$\begin{array}{l}
 \text{(Total pensionable service up to 20 years + total pensionable service over 20 years x 2) limited to 40 years} \quad / \quad 60 \\
 \times \quad \text{Pensionable service in the FPS 1992 scheme before transition to the FPS 2015 scheme} \quad / \quad \text{Total pensionable service in the FPS 1992 and FPS 2015 schemes subject to a maximum of 30 years} \\
 \times \quad \text{Average Pensionable Pay} \\
 = \quad \text{Annual pension}
 \end{array}$$

The formula above includes protection for those who were expected to earn double accrual if they had remained in the FPS 1992. An adjustment is included to pro rata the expected double accrual benefit if the member had stayed in the FPS 1992, by the service built up in the FPS 1992 before moving to the FPS 2015. An example is given at fpsmember.org/fps-2015/double-accrual-guarantee

How is pension in the 2015 CARE calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable pay	/	61.4	=	Pension added to your account for the year
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Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example (using the English accrual rate of 1/59.7) is provided for illustration purposes at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 50 when the member is first able to take their FPS 1992 pension (age 50 with at least 25 years' pensionable service) until age 60 (when the FPS 2015 pension can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/61.4.
- The commutation factors (rates used to exchange pension for cash) for the FPS 1992 are as at the date of publication of this communication.
- The early retirement factors for the FPS 2015 are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	12,383	30,744	-	8,049	19,984	-
50	FPS 2015	-	-	2,782*	-	-	6,676*
50	Total	12,383	30,744	2,782*	8,049	19,984	6,676*
55	FPS 1992	12,267	89,548	-	7,973	58,206	-
55	FPS 2015	4,055	16,219	-	6,893	27,572	-
55	Total	16,322	105,767	-	14,866	85,778	-
60	FPS 1992	13,215	85,456	-	8,590	55,547	-
60	FPS 2015	7,264	29,056	-	10,654	42,615	-
60	Total	20,479	114,512	-	19,243	98,161	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 1992 benefits, which are based on double accrual for pensionable service greater than 20 years (subject to a maximum of 30 years), as protected by the double accrual guarantee.
- The FPS 1992 pension can be taken at age 50 with at least 25 years' pensionable service.
- The FPS 2015 pension cannot be taken before age 55. This means that if the member chooses to retire before age 55, their FPS 2015 pension will be deferred until age 55 (or later if the member wishes).
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 10% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 2% each year until there is no reduction applied at age 60. See gov.wales/sites/default/files/publications/2020-01/w-frsc201918-annex-6.pdf for more information. The early retirement reduction factors for deferred members are higher.
- There is a significant increase in the cash lump sum amount at age 55. There are two main reasons for this:
 - In the case of this member, the limit on the maximum lump sum that can be taken for the FPS 1992 benefits increases significantly. Members who retire under the age of 55 and have less than 30 years' service receive a lump sum which is capped at 2.25 times their annual pension. This restriction is removed at age 55 or on completing 30 years' service (if sooner). Thereafter, a maximum of one quarter (25%) of FPS 1992 pension can be exchanged for a cash lump sum.
 - The FPS 2015 pension comes into payment with the maximum one quarter (25%) assumed to be exchanged for a cash lump sum.
- Please note that the age-related commutation factors for the FPS 1992 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period) but remain fixed at 12 for all ages in the FPS 2015.
- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-1992/how-much-lump-sum-can-i-take

Cash lump sum amounts

- In the example, the legacy option cash lump sums are also greater than the reformed cash lump sums at all retirement ages shown. There are two main reasons for this:
 - There is more of the legacy pension to exchange for a cash lump sum; and
 - The commutation factors for the FPS 1992 are higher, meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for the FPS 1992 is 21.9 while the FPS 2015 commutation factor is 12. This means that the member receives £21.90 cash for each £1 of FPS 1992 pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former FPS 1992 members would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration, though it may be the case your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If a member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 below.

This is because the FPS 1992 benefits are based on final salary at retirement. As a final salary scheme, the

FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You may also want to take account of other considerations at retirement such as death benefits payable under both the FPS 1992 and FPS 2015 schemes. For example, survivor benefits are only paid from the FPS 1992 to married or civil partners while the FPS 2015 provides a pension to unmarried partners. The FPS 2015 also provides a pension guarantee whereas the FPS 1992 does not.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	42	6.3%
Crew manager (competent)	1 April 2021	44	4.3%
Watch manager (development)	1 April 2026	49	2.2%
Watch manager (competent A)	1 April 2028	51	2.8%
Watch manager (competent B)	1 April 2031	54	6.5%

Using the promotional increases on the previous page the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	14,026	34,823	-	9,117	22,635	-
50	FPS 2015	-	-	3,097*	-	-	7,122*
50	Total	14,026	34,823	3,097*	9,117	22,635	7,122*
55	FPS 1992	15,208	111,016	-	9,885	72,160	-
55	FPS 2015	4,635	18,541	-	7,568	30,274	-
55	Total	19,843	129,557	-	17,453	102,434	-
60	FPS 1992	16,383	105,943	-	10,649	68,863	-
60	FPS 2015	8,538	34,151	-	12,041	48,164	-
60	Total	24,921	140,094	-	22,690	117,027	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the first example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 1992 benefits are based on final salary at retirement.

As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.



2. FPS 1992 – member achieved 30 years' pensionable service before 1 April 2022

Example member profile details:

Member profile	
Date of birth	31 March 1972
Age at 31 March 2022	50 years
Previous final salary scheme	FPS 1992
Joined scheme at age	20 years
Pensionable service at 31 March 2022	30 years
Salary at 31 March 2015	£29,000
Salary at age 50	£31,710
Salary at age 55	£34,161
Salary at age 60	£36,801
Full or part time	Full time

How is pension in the FPS 1992 calculated?

The FPS 1992 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 1992 pension is calculated as follows:

$$\begin{array}{l}
 \left(\frac{\text{Total pensionable service up to 20 years} + \text{total pensionable service over 20 years} \times 2}{60} \right) \\
 \times \left(\frac{\text{Pensionable service in the FPS 1992 scheme before transition to the FPS 2015 scheme}}{\text{Total pensionable service in the FPS 1992 and FPS 2015 schemes subject to a maximum of 30 years}} \right) \\
 \times \text{Average Pensionable Pay} \\
 = \text{Annual pension}
 \end{array}$$

The formula above includes protection for those who were expected to earn double accrual if they had remained in the FPS 1992. An adjustment is included to pro rata the expected double accrual benefit if the member had stayed in the FPS 1992, by the service built up in the FPS 1992 before moving to the FPS 2015. An example is given at fpsmember.org/fps-2015/double-accrual-guarantee

For the legacy benefits, this example member has reached the maximum possible pensionable service of 30 years in the FPS 1992 and so the double accrual guarantee no longer applies.

For the reformed benefits, the double accrual guarantee continues to apply when taking into account FPS 1992 as the member is assumed to move into the FPS 2015 on 1 April 2015.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable pay	/	61.4	=	Pension added to your account for the year
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Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example (using the accrual rate of 1/59.7 for the English scheme) is provided for illustration purposes at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 50 when the member is first able to take their FPS 1992 pension (age 50 with at least 25 years' pensionable service) until age 60 (when the FPS 2015 pension can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/61.4.
- The commutation factors (rates used to exchange pension for cash) for the FPS 1992 are as at the date of publication of this communication.
- The early retirement factors for the FPS 2015 are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	15,855	126,839	-	12,155	97,244	-
50	FPS 2015	-	-	-	-	-	3,615*
50	Total	15,855	126,839	-	12,155	97,244	3,615*
55	FPS 1992	17,080	124,686	-	13,095	95,593	-
55	FPS 2015	1,882	7,528	-	4,517	18,066	-
55	Total	18,962	132,213	-	17,611	113,659	-
60	FPS 1992	18,400	118,989	-	14,107	91,225	-
60	FPS 2015	4,495	17,981	-	7,642	30,567	-
60	Total	22,895	136,969	-	21,749	121,792	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 1992 benefits, which are based on double accrual for pensionable service greater than 20 years (subject to a maximum of 30 years), as protected by the double accrual guarantee.
- The FPS 2015 pension cannot be taken before age 55. This means if the member chooses to retire before age 55, their FPS 2015 pension will be deferred until age 55 (or later if the member wishes).
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 10% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 2% each year until there is no reduction applied at age 60. See gov.wales/sites/default/files/publications/2020-01/w-frsc201918-annex-6.pdf for more information. The early retirement reduction factors for deferred members are higher.

Cash lump sum amounts

- In the example, the legacy option cash lump sums are also greater than the reformed cash lump sums at all retirement ages shown. There are two main reasons for this:
 - There is more of the legacy pension to exchange for a cash lump sum; and
 - The commutation factors for the FPS 1992 are higher meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for the FPS 1992 is 21.9 while the FPS 2015 commutation factor is 12. This means that the member receives £21.90 cash for each £1 of FPS 1992 pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.
- Please note that the age-related commutation factors for the FPS 1992 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period) but remain fixed at 12 for all ages in the FPS 2015.

- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-1992/how-much-lump-sum-can-i-take

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former FPS 1992 members would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration though it may be the case your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If the member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 on the next page.

This is because the FPS 1992 benefits are based on final salary at retirement. As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service.

However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You may also want to take account of other considerations at retirement such as death benefits payable under both the FPS 1992 and FPS 2015 schemes. For example, survivor benefits are only paid from the FPS 1992 to married or civil partner while the FPS 2015 provides a pension to unmarried partners.

The FPS 2015 also provides a pension guarantee whereas the FPS 1992 does not.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	47	6.3%
Crew manager (competent)	1 April 2021	49	4.3%
Watch manager (development)	1 April 2026	54	2.2%
Watch manager (competent A)	1 April 2028	56	2.8%
Watch manager (competent B)	1 April 2031	59	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	17,577	140,619	-	13,476	107,808	-
50	FPS 2015	-	-	-	-	-	3,736*
50	Total	17,577	140,619	-	13,476	107,808	3,736*
55	FPS 1992	19,346	141,225	-	14,832	108,272	-
55	FPS 2015	2,095	8,381	-	4,818	19,273	-
55	Total	21,441	149,606	-	19,650	127,545	-
60	FPS 1992	22,811	147,514	-	17,489	113,094	-
60	FPS 2015	5,139	20,555	-	8,391	33,563	-
60	Total	27,950	168,070	-	25,880	146,657	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 1992 benefits are based on final salary at retirement.

As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.



3. FPS 2007 – full-time member

Example member profile details:

Member profile

Date of birth	31 March 1982
Age at 31 March 2022	40 years
Previous final salary scheme	FPS 2007
Joined scheme at age	25 years
Pensionable service at 31 March 2022	15 years
Salary at 31 March 2015	£29,000
Salary at age 55	£39,645
Salary at age 60	£42,709
Full or part time	Full time

How is pension in the FPS 2007 calculated?

The FPS 2007 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 2007 pension is calculated as follows:

$$\text{Pensionable service} \times \text{Average Pensionable Pay} / 60 = \text{Annual pension}$$

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension build ups year on year with an amount added to your account calculated as follows:

$$\text{Pensionable service} / 61.4 = \text{Pension added to your account for the year}$$

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example (using the accrual rate of 1/59.7 for the English scheme) is provided for illustration purposes at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 55 (when the member is first able to take their FPS 2007 and FPS 2015 benefits) until age 60 (when the same benefits can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/61.4.
- The early retirement factors in the FPS 2007 and FPS 2015 schemes are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007	4,467	17,870	2,383	9,531
55	FPS 2015	6,552	26,208	9,610	38,439
55	Total	11,019	44,078	11,992	47,969
60	FPS 2007	8,008	32,031	4,271	17,083
60	FPS 2015	10,434	41,735	14,085	56,342
60	Total	18,442	73,766	18,356	73,425

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

- The total pension amounts if the reformed benefits are chosen are more than if legacy benefits are chosen at all retirement ages up to age 60. The main reasons for this are that the legacy option includes a greater proportion of FPS 2007 benefits which have a greater early retirement reduction. However, at age 60, no early retirement reductions are applied, and the legacy benefits are slightly higher due to the FPS 2007 having a slightly faster rate of building up benefits (1/60 v 1/61.4).
- For active members, the normal retirement age for both the FPS 2007 and FPS 2015 schemes is 60, so if the member retires before then their pension will be reduced to reflect the fact that it will be paid for longer than expected.
- However, to retire early in the FPS 2007 you have to first leave service to become a deferred member and your benefits are then reduced in relation to the deferred normal retirement age, which is 65. This will result in a bigger reduction than in the FPS 2015 as the reduction is based on the member receiving a pension for a longer period before the normal retirement age.
- At age 60, the pension and cash lump sums are very similar due to the FPS 2007 and FPS 2015 schemes no longer having any early retirement reductions applied.

Cash lump sum amounts

- In the example, the cash lump sums follow the same pattern as the pension amounts. This is because under both options the same amount of lump sum is received for each £1 of pension exchanged.
- The commutation factor for both the FPS 2007 and FPS 2015 is 12. This means for every £1 of annual pension given up the member will receive £12 as a cash lump sum.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases before age 60, the reformed option for former FPS 2007 members would provide higher benefits than the legacy option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will very much depend on your individual circumstances.

FPS 2015 pension earned is increased each year in line with average weekly earnings. How the member's salary increases compare to average weekly earnings may determine which option provides the higher benefits. For example, for simplicity we have kept average pensionable salary for the FPS 2007 and pensionable pay for the FPS 2015 the same for this benefit illustration. However, if average weekly earnings are such that they are greater than salary increases for the same period, then the reformed option may provide more benefits than the legacy option at all retirement ages. Alternatively, if salary increases were greater than average weekly earnings then the legacy option may provide higher benefits. This is illustrated in example 2 below.

It's worth noting, however, that the timing of the increases is important. A few large percentage increases to the FPS 2015 pension when it is relatively small may not offset the increase in FPS 2007 due to a large increase to salary. For example, a large promotional increase close to retirement could lead to a large increase to the final salary FPS 2007 pension and in turn, the legacy benefits option may be more attractive.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	37	6.3%
Crew manager (competent)	1 April 2021	39	4.3%
Watch manager (development)	1 April 2026	44	2.2%
Watch manager (competent A)	1 April 2028	46	2.8%
Watch manager (competent B)	1 April 2031	49	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007	5,538	22,154	2,954	11,815
55	FPS 2015	7,701	30,804	10,861	43,444
55	Total	13,240	52,958	13,815	55,259
60	FPS 2007	9,928	39,710	5,295	21,179
60	FPS 2015	12,431	49,725	16,205	64,821
60	Total	22,359	89,436	21,500	86,000

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

- The reformed benefits are still greater at all retirement ages up to age 60 as the promotional salary increases are not enough to offset the greater early retirement reductions in the FPS 2007.
- The legacy benefits are now even greater than the reformed benefits at age 60. The reason for this is that the FPS 2007 benefits are based on final salary at retirement and the promotional increases have increased these benefits faster than the FPS 2015 benefits.

As a final salary scheme, the FPS 2007 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The cash lump sums under both options have increased as expected though the legacy option cash lump sum is now greater at age 60 due to the higher available pension amount to exchange for cash.

Individual circumstances

The choice between legacy or reformed benefits for former FPS 2007 members is not clear cut and will very much depend on your individual career path and how salary increases compare to FPS 2015 revaluation increases (which are in line with average weekly earnings).

As we can see in the examples above, the reformed benefits may provide a higher annual pension and cash lump sum for those who choose to retire before the age of 60, while the legacy benefits may be more attractive if retiring at age 60 or the member experiences high salary increases, especially later in their career.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.



4. FPS 2007 – part-time/ retained member

Example member profile details:

Member profile	
Date of birth	31 March 1982
Age at 31 March 2022	40 years
Previous final salary scheme	FPS 2007
Joined scheme at age	25 years
Pensionable service at 31 March 2022	4.5 years
Salary at 31 March 2015	£29,000
Salary at age 55	£39,645
Salary at age 60	£42,709
Full or part time	Part time
Part-time hours	30%

How is pension in the FPS 2007 calculated?

The FPS 2007 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 2007 pension is calculated as follows:

Pensionable service	X	Average Pensionable Pay	/	60	=	Annual pension
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For part-time members, the part-time element is captured in the pensionable service and the full-time equivalent salary is used as average pensionable pay. For example, if a member works 30% over 10 years then they will earn 3 years' pensionable service.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable Pay	/	61.4	=	Pension added to your account for the year
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Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example (using the accrual rate of 1/59.7 for the English scheme) is provided for illustration purposes at fpsmember.org/fps-2015/how-my-pension-worked-out

In the FPS 2015, pensionable pay already includes the adjustment for part timers. For example, if a member's salary is £29,000 and they work 30% of the time then the pension earned for that year is $£29,000 \times 0.30 / 61.4 = £141.69$.

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a part-time member who remains at firefighter level throughout their career. It shows the annual pension and cash lump sum entitlement from age 55 (when the member is first able to take their FPS 2007 and FPS 2015 benefits) until age 60 (when the same benefits can be taken unreduced).

The examples assume that:

- The member's part-time hours remain at 30% throughout.
- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/61.4.
- The early retirement factors in the FPS 2007 and FPS 2015 schemes are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and 2015 CARE benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and 2015 CARE benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007	1,340	5,361	715	2,859
55	FPS 2015	1,966	7,862	2,883	11,532
55	Total	3,306	13,223	3,598	14,391
60	FPS 2007	2,402	9,609	1,281	5,125
60	FPS 2015	3,130	12,520	4,226	16,903
60	Total	5,532	22,130	5,507	22,028

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

- The total pension amounts if the reformed benefits are chosen are more than if legacy benefits are chosen at all retirement ages up to age 60. The main reasons for this are that the legacy option includes a greater proportion of FPS 2007 benefits which have a greater early retirement reduction. However, at age 60, no early retirement reductions are applied, and the legacy benefits are slightly higher due to the FPS 2007 having a slightly faster rate of building up benefits (1/60 v 1/61.4).
- For active members, the normal retirement age for both the FPS 2007 and FPS 2015 schemes is 60, so if the member retires before then their pension will be reduced to reflect the fact that it will be paid for longer than expected.
- However, to retire early in the FPS 2007 you have to first leave service to become a deferred member and your benefits are then reduced in relation to the deferred normal retirement age which is 65. This will result in a bigger reduction than in the FPS 2015 as the reduction is based on the member receiving a pension for a longer period before the normal retirement age.
- At age 60, the pension and cash lump sums are very similar due to the FPS 2007 and FPS 2015 schemes no longer having any early retirement reductions applied.

Cash lump sum amounts

- In the example, the cash lump sums follow the same pattern as the pension amounts. This is because under both options the same amount of lump sum is received for each £1 of pension exchanged.
- The commutation factor for both the FPS 2007 and FPS 2015 is 12. This means for every £1 of annual pension given up the member will receive £12 as a cash lump sum.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases before age 60, the reformed option for former FPS 2007 members would provide higher benefits than the legacy option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will very much depend on your individual circumstances.

FPS 2015 pension earned is increased each year in line with average weekly earnings. How the member's salary increases compare to average weekly earnings may determine which option provides the higher benefits. For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration. However, if average weekly earnings are such that they are greater than salary increases for the same period, then the reformed option may provide more benefits than the legacy option at all retirement ages. Alternatively, if salary increases were greater than average weekly earnings then the legacy option may provide higher benefits. This is illustrated in example 2 below.

It's worth noting however, that the timing of the increases is important. A few large percentage increases to the FPS 2015 pension when it is relatively small may not offset the increase in FPS 2007 due to a large increase to salary. For example, a large promotional increase close to retirement could lead to a large increase to the final salary FPS 2007 pension and in turn, the legacy benefits option may be more attractive.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	37	6.3%
Crew manager (competent)	1 April 2021	39	4.3%
Watch manager (development)	1 April 2026	44	2.2%
Watch manager (competent A)	1 April 2028	46	2.8%
Watch manager (competent B)	1 April 2031	49	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007	1,662	6,646	886	3,545
55	FPS 2015	2,310	9,241	3,258	13,033
55	Total	3,972	15,887	4,144	16,578
60	FPS 2007	2,978	11,913	1,588	6,354
60	FPS 2015	3,729	14,918	4,862	19,446
60	Total	6,708	26,831	6,450	25,800

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

- The reformed benefits are still greater at all retirement ages up to age 60 as the promotional salary increases were not enough to offset the greater early retirement reductions in the FPS 2007.
- The legacy benefits are now even greater than the reformed benefits at age 60. The reason for this is that the FPS 2007 benefits are based on final salary at retirement and the promotional increases have increased these benefits faster than the FPS 2015 benefits.

As a final salary scheme, the FPS 2007 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The cash lump sums under both options have increased as expected though the legacy option cash lump sum is now greater at age 60 due to the larger available pension amount to exchange for cash.

Individual circumstances

The choice between legacy or reformed benefits for former FPS 2007 members is not clear cut and will very much depend on your individual career path and how salary increases compare to FPS 2015 revaluation increases (which are in line with average weekly earnings).

As we can see in the examples above, the reformed benefits may provide a higher annual pension and cash lump sum for those who choose to retire before the age of 60, while the legacy benefits may be more attractive if retiring at age 60 or the member experiences high salary increases, especially later in their career.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.



5. FPS 2007 for special members (RDS modified)

Example member profile details:

Member profile	
Date of birth	31 March 1977
Age at 31 March 2022	45 years
Previous final salary scheme	Special members in the FPS 2007
Joined scheme at age	25 years
Pensionable service at 31 March 2022	6 years
Salary at 31 March 2015	£29,000
Salary at age 55	£36,801
Salary at age 60	£39,645
Full or part time	Part time
Part-time hours	30%

How is pension for special members in the FPS 2007 calculated?

The scheme for special members in the FPS 2007 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

The FPS 2007 pension for special members is calculated as follows:

Pensionable service	X	Average Pensionable Pay	/	45	=	Annual pension
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For part-time members, the part-time element is captured in the pensionable service and the full-time equivalent salary is used as average pensionable pay. For example, if a member works 30% over 10 years then they will earn 3 years' pensionable service.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable Pay	/	61.4	=	Pension added to your account for the year
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Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example (using the accrual rate of 1/59.7 for the English scheme) is provided for illustration purposes at fpsmember.org/fps-2015/how-my-pension-worked-out

In the FPS 2015, pensionable pay already includes the adjustment for part timers. For example, if a member's salary is £29,000 and they work 30% of the time then the pension earned for that year is $£29,000 \times 0.3 / 61.4 = £141.69$.

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a special member who remains at firefighter level throughout their career. It shows the annual pension and cash lump sum entitlement from age 55 (when the special member is first able to take their FPS 2007 and FPS 2015 benefits) until age 60 (when the FPS 2015 benefits can be taken unreduced).

The examples assume that:

- The member's part-time hours remain at 30% throughout.
- The special member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/61.4.
- The early retirement factors for the FPS 2015 are as at the publication date of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007*	3,680	25,515	2,392	16,585
55	FPS 2015	1,216	4,866	2,068	8,271
55	Total	4,896	30,381	4,460	24,856
60	FPS 2007*	3,964	24,976	2,577	16,234
60	FPS 2015	2,179	8,717	3,196	12,784
60	Total	6,144	33,693	5,773	29,019

*For special members

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 2007 special members benefits, which are based on a better rate of accrual, meaning more pension benefits are built up for each year of pensionable service.
- FPS 2007 special members have a normal pension age of 55. Benefits cannot be taken earlier than this.
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 10% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 2% each year until there is no reduction applied at age 60. See gov.wales/FPS-15-Wales-Early-payment-reductions for more information. The early retirement reduction factors for deferred members are higher.

Cash lump sum amounts

- In the example above, the legacy option cash lump sums are also greater than the reformed option cash lump sums at all retirement ages shown. There are two main reasons for this:
 - There is more of the legacy pension to exchange for a cash lump sum; and
 - The commutation factors for FPS 2007 special members are higher, meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for FPS 2007 special members is 20.8 while the FPS 2015 commutation factor is 12. This means that the member receives £20.80 cash for each £1 of FPS 2007 special members' pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.
- Please note that the age-related commutation factors for special members of the FPS 2007 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period), but remain fixed at 12 for all ages in the FPS 2015.
- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-2007-special-members/how-much-lump-sum-can-i-take

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former special members of FPS 2007 would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for special members of the FPS 2007 and pensionable pay for the FPS 2015 the same for this benefit illustration, though it may be the case that your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If a member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 on the next page.

This is because the FPS 2007 special member benefits are based on final salary at retirement. As a final salary scheme, the FPS 2007 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 scheme takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the example member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	42	6.3%
Crew manager (competent)	1 April 2021	44	4.3%
Watch manager (development)	1 April 2026	49	2.2%
Watch manager (competent A)	1 April 2028	51	2.8%
Watch manager (competent B)	1 April 2031	54	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2007 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2007 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2007*	4,562	31,632	2,965	20,561
55	FPS 2015	1,391	5,562	2,271	9,082
55	Total	5,953	37,194	5,236	29,643
60	FPS 2007*	4,915	30,964	3,195	20,126
60	FPS 2015	2,561	10,245	3,612	14,449
60	Total	7,476	41,209	6,807	34,576

*For special members

The detailed calculations used to arrive at these figures are available at fpsmember.org/2015-Remedy-benefit-illustrations-full-calculations-fps-wales. There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 2007 special scheme benefits are based on final salary at retirement and promotional increases have offset the faster build-up of pension in the FPS 2015.

As a final salary scheme, the FPS 2007 special members scheme treats the member as though they earned the higher final salary in all years of service.

However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.



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AGENDA ITEM NO 11

New Members Training Session: Members Handbook, Terms of Reference, Toolkit

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To be presented verbally on the day

Presenting Officer: K.Jeal

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**FORWARD WORK PROGRAMME FOR
LOCAL PENSION BOARD 2022/2023**

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
To review Key Performance Indicators and Scheme Data for Firefighters Pension Scheme	To update Members	ACO People Services Contact Officer:- Ian Traylor, RCT Pensions Officer	4 July 2022	On Agenda
Internal Dispute Resolution Procedures – Update on cases over last 12 months	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	4 July 2022	On Agenda
Report on McCloud – Tapering – No of ID cases processed	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	4 July 2022	On Agenda

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Standard Item – Recent publications, updates, information	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	4 July 2022	On Agenda
New Members Training Session: – Members Handbook, Terms of Reference, Toolkit	To update Members	ACO People Services Contact Officer:- Kim Jeal, HR Manager	4 July 2022	On Agenda
Scheme Pay Review	To review current policy	ACO People Services Contact Officer:- ACO Alison Reed	4 July 2022	On Agenda
Update report on Publication of Annual Benefits Statement	To update Members	ACO People Services Contact Officer:- Ian Traylor, RCT Pensions Officer	17 October 2022	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Report to review Key Performance Indicators	To update Members	ACO People Services Contact Officer:- Ian Traylor, RCT Pensions Officer	17 October 2022	
Update report on McCloud – Immediate Detriment	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	17 October 2022	
Update report from Scheme Advisory Board	To update Members	ACO People Services Contact Officer – ACO Alison Reed	17 October 2022	
Standard item – Recent publications, updates, information	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	17 October 2022	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Training Session for Members	To update Members	ACO People Services Contact Officer:- Kim Jeal, HR Manager	17 October 2022	
Report to review Key Performance Indicators	To update Members	ACO People Services Contact Officer:- Ian Traylor, RCT Pensions Officer	23 January 2023	
Update report on McCloud – Immediate Detriment	To update Members	ACO People Services Contact Officer:- ACO Alison Reed	23 January 2023	
The Pensions Regulator Returns 2020-2021	To update Members and for awareness and discussion	ACO People Services Contact Officer;- Kim Jeal, HR Manager	23 January 2023	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Standard Item – Recent Publications, Updates, Information	To update Members	ACO People Services Contact Officer – ACO Alison Reed	23 January 2023	
Update report from Scheme Advisory Board – Verbal	To update Members	ACO People Services Contact Officer – ACO Alison Reed	23 January 2023	
Training Session for Members	To update Members	ACO People Services Contact Officer – Kim Jeal, HR Manager	23 January 2023	

Dates of meetings – 4 July, 2022, 17 October, 2022, 23 January 2023

ACO Alison Reed – Director of People Services, Chris Barton – Treasurer, Kim Jeal – HR Manager, Ian Traylor – RCT Pensions Officer

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AGENDA ITEM NO 13

**To consider any items of business that the Chairperson deems urgent
(Part 1 or 2)**

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1.	Apologies for Absence	
2.	Roll Call	
3.	Declarations of Interest	
	Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.	
4.	Chairperson's Announcements	
5.	To receive the minutes of;	
	<ul style="list-style-type: none"> • Local Pension Board Committee held on Monday 31 January 2022 	5
	REPORTS FOR DECISION	
6.	Scheme Pays Review	11
	REPORTS FOR INFORMATION	
7.	To Review Key Performance Indicators & Scheme Data for Firefighters Pension Scheme	27
8.	Internal Dispute Resolution Procedures (IDRP)	41
9.	Report on McCloud – Tapering	57
10.	Publications, Updates, Information (Standard Item)	67
11.	New Members Training Session: Members Handbook, Terms of Reference, Toolkit – To be presented verbally on the day	153
12.	Forward Work Programme for Local Pension Board 2022/2023	155
13.	To consider any items of business that the Chairperson deems urgent (Parts 1 or 2)	161