

## FPS Bulletin 16 – January 2019

Happy New Year! And welcome to issue 16 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, don't forget to visit the issue and content indexes which are available on the main bulletin page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

## Contents

### [Calendar of events](#)

#### [FPS](#)

- [Transitional protections - what is remedy?](#)
- [FPS 2016 valuation - HMT written ministerial statement](#)
- [Revised Fire \(England\) factors](#)
- [FPS benchmarking exercise - member survey launched](#)
- [SAB request for information - deadline extended](#)
- [Website resource update – ill health](#)
- [SAB cost-effectiveness committee vacancy](#)
- [Amendments to FPS \(England\) consultation response](#)
- [January query log](#)

### [Other News and Updates](#)

- [SFGB goes live](#)
- [Pensions dashboards consultation response](#)
- [GAD PSPS newsletter](#)

### [HMRC](#)

- [HMRC newsletters/bulletins](#)
- [Contracting-out reconciliation update](#)

### [Training and Events](#)

- [Scheme manager training - new!](#)
- [2019 events](#)

### [Legislation](#)

## [Useful links](#)

## [Contact details](#)

## Calendar of events

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

Administration & benchmarking committee	7 February 2019
Firefighter Pensions Technical Community	12 February 2019
North East regional FPOG	19 February 2019
<a href="#">LGA Leadership Essentials Fire &amp; Rescue</a> (Elected members)	26-27 February 2019
Eastern regional FPOG	27 February 2019
Midlands regional FPOG	1 March 2019
<a href="#">LGA annual fire conference and exhibition</a>	12-13 March 2019
SAB	14 March 2019
South East regional FPOG	18 March 2019
Data seminar	3 April 2019
LPB effectiveness committee	18 April 2019
Joint Fire and Police governance event	15 May 2019
SAB	13 June 2019
Ill health and medical appeals seminar	19 June 2019
Pensionable pay workshop	18 July 2019
Firefighters' Pensions AGM	24-25 September 2019 (provisional)
SAB	10 October 2019
Pensions tax seminar	12 November 2019
SAB	12 December 2019

## FPS

### Transitional protections – what is remedy?

Further to the court of appeal judgment and our brief statement in [FPS Bulletin 15 - December 2018](#), we understand that there are still some questions with regards to the outcome of the judgment.

We understand that government have now appealed to the Supreme Court. If the Supreme Court reject the case for appeal then the next step is to remit to the employment tribunal for a decision on 'remedy'.

While recognising that we are unable to speculate on what the remedy might be, we thought it would be helpful to confirm what it is that needs to be remedied.

The transitional appeals case has centred on whether the [transitional provisions](#) of the 2015 scheme are lawful. There has been no challenge to the primary legislation, the [Public Services Pensions Act 2013 \[18\]](#), which restricts the continuing provision of the existing final salary schemes. Therefore it is only by the virtue of the transitional provisions in the 2015 scheme that some members have been protected and continue to have pension benefits calculated in the 1992 or 2006 scheme.

As the court of appeal have found the transitional protections are unlawful, the question of remedy centres on how the transitional provisions should be made lawful, and how taper protected and unprotected members who have been subject to those provisions from the date the legislation came into force (1 April 2015) and moved into the 2015 scheme would be compensated if required.

### FPS 2016 valuation - HMT written ministerial statement

On 30 January 2019, HM Treasury issued a [written ministerial statement](#) with regards to the effect of the recent judgments on the McCloud and Sargeant cases on the valuation.

As a result of this announcement, the cost cap rectification process for the Firefighter Pension Scheme will be suspended, pending the outcome to the Government's appeal.

HM Treasury has also advised that the employer rate that Fire and Rescue Authorities pay towards firefighter pensions should be increased as of 1 April 2019. Following this announcement GAD are able to calculate the individual employer contribution rate for the four firefighter schemes which we will confirm these rates as soon as possible.

**There will be no changes to firefighter pension schemes member's contribution rate or the accrual rate at this stage.**

In light of the above, the Board's proposal to the Home Office on rectification of the cost cap breach will be suspended. Any consultation and response documents will be published [here](#) once they are available, and monthly updates will be provided in the bulletins.

### Revised Fire (England) factors

Further to the letter issued by the Home Office on 31 October regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided the following replacement factor tables.

### [Appendix 1: Added Years/Added Pension and CPD.](#)

These factors replace those currently in use with immediate effect from 11 January 2019.

We can confirm that there is no obligation to split the year; the new factors on CPD are now in force and should be used for all cases that arise going forwards. Note that the CPD factors (table x801) now commence from age 49, as this is the youngest age at which these factors might now be needed due to the structure of tapered protection. This is based this on the table in Part 4 of Schedule 2 of the FPS (England) Regulations 2014.

### [Appendix 2: Tax charge debits.](#)

These factors replace those currently in use with immediate effect from 24 January 2019. This is still the case when calculating a scheme pays debit for a pensions tax charge incurred in the 2017/2018 year.

The spreadsheet contains the revised factors which are based on a SCAPE discount rate of 2.4% net of CPI increases. The spreadsheet provides replacement Tax charge debit factors for those currently included within GAD guidance notes.

The impact of the change in discount rate is generally that members using Scheme Pays to meet Annual Allowance or Lifetime Allowance tax charges will need to convert a lower amount of pension to pay a given charge.

### [Appendix 3: Non-Club Transfer-In \(“TV-in”\).](#)

The suspension of these cases from 31 October 2018 can now be lifted and these factors can be used with immediate effect, including on any stockpiled cases.

The spreadsheet contains the revised TV-in factors which are based on a SCAPE discount rate of 2.4% net of CPI and, where appropriate, a long-term earnings growth assumption of 4.2% pa. The spreadsheet provides replacement TV-in factors for those currently included within GAD’s guidance notes for FPS 2015. For FPS 2006 GAD intend to discontinue the factors issued previously and proceed on a case by case basis going forwards.

The impact of the change in discount rate is generally that the TV-in factors are increased, therefore members transferring in will, all else being equal, receive a smaller service credit / pension credit in the receiving scheme.

For the tables above, GAD has adopted unisex factors (using 95% male members and 5% female members) in line with the current membership of the scheme. All of the tables in the spreadsheets are explained in the ‘Factor List’ tab.

**We would be grateful if administrators could undertake some sample calculations using the new factors, which we can forward to GAD to ensure that they have been implemented in line with current guidance. Please send any examples to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).**

GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date. The updated tables and subsequent guidance will be made available at <http://fpsregs.org/index.php/gad-guidance> in due course.

**ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.**

### **FPS benchmarking exercise – member survey launched**

As readers will be aware, Aon have been commissioned to undertake a benchmarking review of FPS administration in relation to cost and service provided. More information can be found on our dedicated [benchmarking review](#) webpage.

We were delighted to be able to launch the web-based member survey on 21 January and are even more delighted to report that we have already received well over 1,000 responses at the time of writing. The member survey will run until 28 February 2019.

The survey can be accessed at <http://bit.ly/FPS-Memb-Survey> and we are interested to hear from all member stakeholders, whether they be active, deferred, pensioners or dependents.

We are relying on your support to advertise the survey as widely as possible. However, our expectation is that employers and administrators will only contact members where it is efficient and cost-effective to do so. For example: by email, using social media for business such as Workplace or [LinkedIn](#) where available, and existing contact groups and networks for pensioners or other out of trade members. The Scheme Advisory Board do not wish any Authority to incur additional unnecessary expenses in printing or postage costs.

We have produced the attached poster ([Appendix 4](#)) to promote the survey at stations or any other Fire and Rescue Service premises and include some sample text below that can be used to issue the survey link to your members, where email addresses are held. The survey can also be completed via the benchmarking review webpage.

Suggested email text:

*FPS administration benchmarking - member survey - action required*

*The Firefighters' Pensions (England) Scheme Advisory Board in partnership with Aon is undertaking a survey of the service you receive in relation to your pension. They are interested to hear your views on the frequency and quality of information you receive about your benefits. This data will be collected by Aon to feed into a report to benchmark the standard of service across the Firefighters' Pension Scheme in England.*

*Please complete the survey here: <http://bit.ly/FPS-Memb-Survey>*

*The survey will take around 5 minutes to complete and all responses are anonymous. The closing date is 28 February 2019.*

### **SAB request for information – deadline extended**

As detailed in [FPS Bulletin 15 – December 2018](#), SAB members have been made aware over the past year of increasing concern at FRAs around opt out levels, and difficulties surrounding recruitment and retention of talented and experienced personnel due to potential tax consequences of breaching the annual allowance.

In order to support the Board in presenting a case to the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the scheme, a request for quantitative information was made in December, to support the anecdotal evidence received.

Unfortunately, we have received a limited number of responses, and those that have been received do not support the supposed position. Therefore, we are extending the deadline for responses to 28 February 2019. The SAB would be grateful for your assistance in completing the request for information at [Appendix 5](#). Completed forms should be submitted to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

### Website resource update – ill health

In [FPS Bulletin 14 – November 2018](#), we advertised our new [ill health and injury page](#) for practitioners, containing guidance and training materials along with forms for each scheme that were prepared in 2015 and circulated as drafts for authorities to use if they wished.

Authorities should note that a new version of FPS 1992 Medical Certificate B (deferred pension medical opinion) has been added to the site, incorporating a question to ascertain whether the deferred member is “permanently incapacitated by physical or mental infirmity from engaging in any regular full-time employment”, in order to determine eligibility for immediate payment of Pensions Increase if they are below the age of 55 when the deferred pension comes into payment.

FRAs should also bear in mind that [Rule B5\(4\)](#) was amended by SI 2005/2980 to state that a deferred pension could be paid before age 60 *“from any earlier date on which he becomes permanently disabled for engaging in firefighting or performing any other duties appropriate to his former role as a firefighter”*. Therefore, the member needs to be incapacitated from all the duties of his/her former role, not just firefighting, to be eligible for a deferred award on the grounds of ill health.

Note, that these forms have not been endorsed by the LGA or the Home Office. Authorities should satisfy themselves that the certificates meet all of their requirements and do not leave the opinion open to challenge.

If you require a log-in for the site, please contact [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

### SAB cost-effectiveness committee vacancy

We have a vacancy on the [SAB cost effectiveness committee](#) for an HR FRA representative. If you are interested in sitting on this committee, please email [clair.alcock@local.gov.uk](mailto:clair.alcock@local.gov.uk) for further information.

### Amendments to FPS (England) consultation response

In [FPS Bulletin 15 – December 2018](#), we reported that the Home Office had launched a [consultation on draft legislation](#) to make changes to survivor benefits in the Firefighters’ Pension Scheme 1992 and the Firefighters’ Compensation Scheme 2006, plus a minor unrelated correction to the Firefighters’ Pension Scheme 1992. The LGA response to that consultation can be found [here](#).

### January query log

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

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

## Other News and Updates

### SFGB goes live

After becoming a legal entity in October 2018, the government's Single Financial Guidance Body (SFGB) has now officially adopted its delivery functions.

For the first time, the SFGB consolidates the services offered by the Money Advice Service, TPAS, and Pension Wise. On its [official website](#), the SFGB sets out its five core functions, including pensions guidance, debt advice, and consumer protection.

The SFGB is funded by levies on both the financial services industry and pension schemes. The new body is sponsored by the Department for Work and Pensions, but will also engage with HM Treasury, which is responsible for policy on financial capability and debt advice. The body will also change its name in 2019 as it develops a new outreach strategy, which will include a new integrated service offer and enhanced partnership working with the wider industry, employers and key stakeholders.

### Pensions dashboards consultation response

In [FPS Bulletin 15 – December 2018](#), we reported that the DWP had opened a [consultation](#) on pensions dashboards. The Scheme Advisory Board response can be found [here](#).

### GAD PSPS newsletter

The Government Actuary's Department has issued the [January edition](#) of its Public Service Pension Schemes newsletter. This is intended to be an informal note to provide regular updates on what is happening within the PSPS area of GAD and to highlight some current hot topics that schemes and other department contacts might be interested in.

## HMRC

### HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 106 containing important updates and guidance on pension schemes. The following issues are covered:-

[Pension schemes newsletter 106 – 30 January 2019](#): Pension flexibility statistics | Lifetime allowance for 2019 to 2020 | Reporting non-taxable death benefits | Changes to HMRC email addresses | Guaranteed Minimum Pension (GMP) | Relief at source – January 2019 notification of residency status reports | Relief at source – annual return of information declaration | Change of name for the Manage and Register Pension Schemes service | Master Trusts |

Also published this month:

[Relief at source pension schemes newsletter](#) – 17 January 2019

## Contracting-out reconciliation update

The following bulletin, containing important guidance and information about the end of contracting out and the scheme reconciliation process, was published by HMRC in January.

### [Countdown bulletin 41](#)

Updates include:

- Scheme financial reconciliation update
- Scheme financial reconciliation in scheme cessation
- Contributions Equivalent Premiums
- Resubmission responses

## Training and Events

### Scheme manager training – new!

New for 2019 is a refreshed training session for scheme managers and pension boards. The training is a five hour session that splits into three, allowing you to decide whether the attendees need to stay for the full five hours. However, as ever, we are happy to provide a bespoke version as you desire. The full programme is a two hour scheme manager training session in the morning, followed by an hour on understanding the results of the recent valuation and the changes that might be made to the scheme as a result, and the transitional protections case, finishing with a two hour pension board session.

The delegates for the scheme manager training should be those who are assigned the scheme manager role under [regulation 4](#), which is the “fire and rescue authority for an area in England determined in accordance with section 1 of the Fire and Rescue Services Act 2004”, those who have a formal delegation of scheme manager under [regulation 5](#), and the local pension board whose role under [regulation 4A](#) is to assist the scheme manager achieve compliance, i.e. ensuring that any delegation in place under regulation 5 is managed properly.

The training is intended to strengthen the relationship between the scheme manager and the pension board, and we have attached an example of both the [scheme manager training](#) delivered in October to South Yorkshire FRA, and the [report](#) that they produced following the training. The aim of these sessions is to give both boards and scheme managers confidence that the scheme is being managed well.

To complement the training package, we have prepared a short factsheet to give guidance on the role of scheme manager. The factsheet is available at [Appendix 6](#), and also can also be viewed on our [factsheets](#) page.

### 2019 events

We have put together a topical and varied programme of national events for 2019. Details of the dates can be found in the [calendar](#) section of the bulletin.

We will continue to offer bespoke in-house training throughout the year. Each board is entitled to a free annual training session under the statutory levy, which can be utilised on the scheme manager training package above.

For more information or to book a session, please contact us as at [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

## Legislation

SI	Reference Title
<a href="#">2019/29</a>	The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2019

## Useful links

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

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