

FPS Bulletin 19 – April 2019

Welcome to issue 19 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](#).

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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 contact [Claire Hey](#).

Joint Fire and Police governance event	15 May 2019
Eastern regional FPOG	30 May 2019
Administration & benchmarking committee	6 June 2019
North East regional FPOG	12 June 2019
SAB	13 June 2019
Local Pension Board annual wrap-up session	18 June 2019
Ill health and medical appeals seminar	19 June 2019
Firefighter Pensions Technical Community	26 June 2019
CLASS annual conference: Manchester Holiday Inn	3-4 July 2019
Midlands regional FPOG	9 July 2019
Pensionable pay workshop	18 July 2019
South East regional group	26 July 2019
LPB effectiveness committee	7 August 2019
Firefighters' Pensions AGM	24-25 September 2019
SAB	3 October 2019
Pensions tax seminar	12 November 2019
SAB	12 December 2019

FPS

Annual Benefit Statement survey 2018

Between 28 September and 14 November 2018, FPS stakeholders were invited to participate in a web-based survey to measure the success of the ABS process for 2018.

During the survey period 42 completed responses were received in respect of 31 of the 47 FRAs in England and Wales, equating to an overall response rate of 66%. The results of the survey have now been collated and analysed, and we are pleased to present the final [research report](#).

The survey will be run on an annual basis following the end of each ABS cycle, with planned improvements for 2019 including separate web-based surveys for administrators and FRAs.

The [LPB Effectiveness Committee](#) would like to thank all parties that were able to submit a response for their participation in the survey, and for continuing to support the work of the SAB. The recommendations within the report will now be taken forward with the support of the Committee and the SAB.

New and updated factsheets available

Two Pensions

A new factsheet on [entitlement to a two pension award](#) (split pension) has been published on the [factsheets](#) tab of the FPS Regulations and Guidance website. This factsheet has been prepared to give guidance to FRAs on when entitlement to two pensions occurs under the Firefighters' Pension Scheme 1992 (FPS1992) and the Firefighters' Pension Scheme 2006 (FPS2006) and how it is calculated.

ACTION: FRAs should ensure that they are aware of this rule and that their pension administrator is informed when a drop in pay occurs.

FRAs and administrators should ensure that calculations are performed in line with guidance.

It is recommended good practice to acknowledge the entitlement of two pensions to the member, along with confirmation that the two calculations will be performed at retirement and the highest benefit awarded.

Eligibility to join FPS

Minor amendments have been made to the factsheet on 'Eligibility to join FPS'. [Clean](#) and [tracked](#) versions are available.

In brief, the factsheet confirms that in order for a person to be eligible for the scheme they have to be employed as a 'firefighter'. The regulations provide an interpretation of a 'firefighter', and it is for each FRA to satisfy themselves that those in the scheme are employed within this definition.

Pensions taxation

The Bluelight team, in conjunction with the Fire Communications Working Group (FCWG), have adapted the following factsheets for members from those produced for the LGPS: [Annual Allowance](#) and [Lifetime Allowance](#). These factsheets can be found on the newly updated [guides and sample documents](#) tab of the FPS Regulations and Guidance website

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 for further information.

April 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 March.

SAB Request for Information update

In [FPS Bulletin 15 – December 2018](#) we asked FRAs to complete a short [form](#) in order for the SAB to collate information 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.

A [paper](#) was provided to the Board at their meeting on 14 March 2019 summarising the results to date. Unfortunately, only 29 FRAs responded from an expected 47.

If you did not respond and would like to, completed forms should be submitted to bluelight.pensions@local.gov.uk.

Valuation 2016: employer contributions

The SAB do not have a remit for FRA funding, nevertheless the Board noted the following employer pension contribution increase across the three schemes, which will apply for four years from 1 April 2019.

	FPS1992 (including special members of FPS2006)	FPS2006	FPS2015
2012 valuation ¹	21.7%	11.9%	14.3%
2016 valuation ²	37.3%	27.4%	28.8%

The Board welcomed confirmation from HM Treasury that they will be supporting FRAs in the first year with additional funding over and above the first £10m of the additional costs. This £10m is attributed to the employer contribution increases as a result of the SCAPE rate change from 3% to 2.8% as announced in Budget 2016³.

The SAB were pleased to learn that the additional funding has now been approved by the Treasury and they will be providing a grant of £115m for the 2019/2020 year.

¹ Table 4.3 <http://www.fpsregs.org/images/Valuation/Valuation2012FV.pdf>

² Page 3 <http://www.fpsregs.org/images/Valuation/SSrates2016FV.pdf>

³ Paragraph 7.7 <https://www.gov.uk/government/publications/budget-2016-documents/budget-2016>

Other News and Updates

Exit cap consultation

The government has launched a consultation on draft regulations implementing a cap of £95,000 on exit payments in the public sector, which will run for 12 weeks and close on 3 July 2019. This consultation sets out the proposed method of implementing the cap, including which bodies should be in scope. This consultation sets out the proposed draft regulations, schedule to the regulations, accompanying guidance and directions. It seeks comments on the draft regulations.

Please find the consultation at: <https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector>

In respect of FPS, there are two types of employer payments with regards to exit that could be subject to the cap, these are:

1. The ability for an FRA to enhance the commutation payment to a firefighter with over 25 years' service and over age 50 to the full quarter rate commutation [\[Rule B7\(5\)\]](#). Under [\[Rule LA2 \(10\)\]](#) the authority is required to pay the difference between the restricted commutation and enhanced commutation from its operating account. Unless the exit cap regulations allowed for an exemption this payment would be deemed as an employer payment to facilitate early exit and would have had to be measured under the cap. The current draft exit cap regulations [\[7 \(ci\)\]](#) exempt this payment from the exit cap.
2. In FPS2006 & FPS2015, FRAs can allow firefighters to retire from age 55 with an unreduced pension under [Part 3, Paragraph 6](#) (FPS2006) and [Regulation 62](#) (FPS2015). However, the authority is required to pay the difference between the unreduced and reduced pension into the Firefighter notional pension fund for each year the pension is in payment. This payment would be deemed as an employer payment to facilitate early exit and would have had to be measured under the cap. The current draft exit cap regulations exempt this payment from the exit cap [\[7 \(cii & iv\)\]](#) where the FRA has agreed to put into payment an authority initiated early retirement pension having regard to above rules for a firefighter who is unable to maintain operational fitness through no fault of their own.

We were pleased to learn that the [draft regulations](#) include the exemptions that we raised after the first draft and will continue to discuss with the Home Office how the annual payment made under employer initiated retirement for FPS2006 and FPS2015 for non-fitness issues would be measured against the £95k cap. The Scheme Advisory Board will be responding to the consultation from a pension perspective.

The Bluelight team have prepared factsheets for FRAs on both [enhanced commutation](#) and [Authority Initiated Early Retirement \(AIER\)](#).

Club Memorandum updated

The Club Memorandum has been updated to reflect the revised Club transfer factors that were issued with [FPS Bulletin 17 – February 2019](#) and come into force on 1 April 2019, and address a number of issues that had been raised since the last Memorandum was published.

The updated Club Memorandum will be uploaded onto the Civil Service Pensions website from 1 April 2019 <https://www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/>. The updated Memorandum and factors are also available from <http://fpsregs.org/index.php/gad-guidance/club-transfers>.

In addition to the change in factors, the main changes to the Club Memorandum are:

- The transfer values of final salary benefits built up before and after the end of contracting out, i.e. up to 5 April 2016 and from 6 April 2016 must be provided when a sending scheme supplies a Club transfer value calculation (if the member built up final salary benefits before and after the end of contracting out)
- The transfer values of CARE benefits built up before and after the end of contracting out ie up to 5 April 2016 and from 6 April 2016 must be provided when a sending scheme supplies a Club transfer value calculation (if the member built up CARE benefits before and after the end of contracting out)
- A separate transfer value of CARE benefits must be supplied if the member previously had an inner Club transfer of CARE benefits into the sending scheme which is subject to a different in-scheme revaluation rate than the sending scheme. (And that transfer value must also be split between CARE benefits built up pre and post contracting out, if applicable)
- The requirement to perform separate transfer in calculations based on the transfer value of the member's:
 - pre 6 April 1997 final salary benefits
 - final salary benefits built up between 6 April 1997 and 5 April 2016
 - final salary benefits built up from 6 April 2016
 - CARE benefits built up in the sending scheme before 6 April 2016
 - CARE benefits built up in the sending scheme from 6 April 2016
 - CARE benefits transferred into the sending scheme from a scheme which is subject to a different in-scheme revaluation rate than the sending scheme (split between CARE benefits built up before and after the end of contracting-out, if applicable)
- The method of interpolation that should be used for members with NPAs that do not fall on their birthday is defined.

GAD are updating guidance for the Firefighters' Pension Scheme and have advised that this should be ready around September.

[GAD PSPS newsletter](#)

The Government Actuary's Department has issued the [March 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 108 containing important updates and guidance on pension schemes. The following issues are covered:-

- [Pension schemes newsletter 108 – 29 March 2019](#): Relief at source | Guaranteed Minimum Pension | Master Trusts update and an introduction to supervision | Managing Pension Schemes – adding scheme administrators to your scheme | reporting on Pension Schemes Online service | Annual allowance calculator

Contracting-out reconciliation update

There have been no new scheme reconciliation updates since our March bulletin.

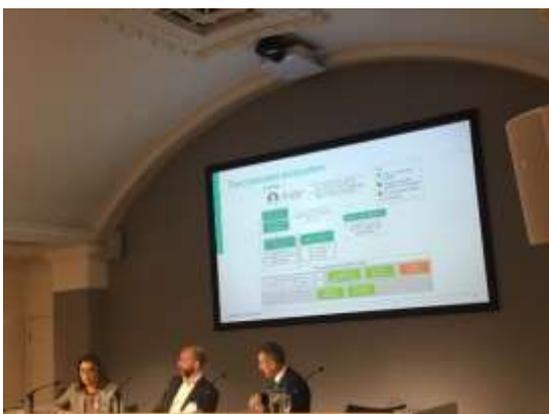
Training and Events

Data: Pensions in a digital era – event summary

Around 60 delegates were in attendance at 18 Smith Square on 3 April 2019, to hear a host of industry experts reflect on why data is so important for the Firefighters' and Police Pension Schemes, and how technology can play a part in getting data right.

The audience first heard a joint presentation by DWP and Aquila Heywood on the implementation of the Pensions Dashboard and how this might work in practice for Fire and Police schemes. DWP gave an update on the response to their [consultation](#) which closed on 28 January 2019; the LGA Bluelight team provided a response which can be viewed [here](#).

ITM provided an insight on [data improvement plans](#) and discussed the work undertaken with the Cabinet Office to improve their member data. This was followed by a session by Civica on using technology to communicate with members and the increasing value of offering a member self-service portal, considering that the introduction of the dashboard will drive expectation for digital solutions.



The afternoon opened with a workshop session on data scoring for TPR, led by Aquila Heywood and LGA. Last year for the first time, schemes were required to measure both their common and scheme specific data for the annual return. The LGA issued some [informal guidance](#) on how this might be carried out and will be reviewing this for 2019 based on workshop feedback. We would like to thank delegates for their participation in this session.

We were delighted to welcome GAD to give an update on the [2016 scheme valuation](#) for FPS, focusing on the importance of the data that feeds in to the process, the reasons that some data items were excluded from assumption setting this time around, and how this could be improved for 2020.



The final session of the day was delivered by Equiniti and discussed the HMRC scheme reconciliation exercise, covering where schemes should be by now and what is left to do.

The complete presentation slide decks from the event are available [here](#).

To view the full conference in pictures, visit our [@LGAWorkforce](#) twitter feed, #LGAfirepensions

[Firefighters and Police LPB governance conference](#)

We are pleased to invite readers to a joint governance conference being held at the LGA offices at 18 Smith Square, London on **Wednesday 15 May 2019**, from 10:30 to 15:00.

This popular one day conference for both Fire and Police Pension Boards offers a chance to network with fellow board chairs, hear the results of The Pensions Regulators governance and admin survey and provides case law updates on pension issues. It will also provide an opportunity to debate how the boards offer value to assisting the scheme manager in running the scheme.

We have put together an [agenda](#) of industry speakers to reflect on the current issues of importance to pension boards.

The event has been designed for chairs and members of Local Pension Boards and those delegated in the role of Scheme Manager, along with those supporting boards such as pension practitioners, administrators, software providers and industry professionals.

Limited places are still available. [Book your place now](#).

[LPB annual wrap-up training 2019](#)

We are pleased to confirm that our popular annual wrap-up training for Local Pension Boards is taking place at the LGA offices at 18 Smith Square, London on **Tuesday 18 June 2019** from 10:30 to 15:30. This session is aimed at new members to boards or those requiring a refresher session. Please see the attached [agenda](#).

Refreshments will be available from 10am and a sandwich lunch will be provided. Please confirm any dietary requirements on the booking form.

There are 25 places only, so please book early to avoid disappointment. [Book your place here](#).

If you wish to enquire about full board training at your own venue, please contact the team at bluelight.pensions@local.gov.uk. Each board is entitled to a free training session under the Scheme Advisory Board levy. Examples of previous sessions are held [here](#).

Legislation

SI	Reference Title
2019/773	The Pension Schemes (Information Requirements — Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) (Amendment) Regulations 2019
2019/774	The Pension Schemes (Information Requirements – Repayment of Overseas Transfer Charge) Regulations 2019
2019/879	The Equality Act (Age Exceptions for Pension Schemes) (Amendment) Order 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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