



**DEVON &
SOMERSET**
FIRE & RESCUE SERVICE

LOCAL PENSION BOARD

Date of Meeting: Wednesday 22 June 2022, at 1.30 pm via Microsoft Teams

SUPPLEMENTARY AGENDA No. 1

ITEM NO.	ITEM TITLE
6	(a) <u>Pension Officer's LGA Bulletin Overview April to June 2022</u> (Pages 1 - 14) Paper attached.

Board Membership

*Scheme Manager
Representatives:*

Mike Pearson
Shayne Scott

Satnam Singh Rai
Cllr. David Thomas

*Scheme Member
Representatives:*

Phil Gillbard
James Leslie

Ben Redwood
Greg Webb

Other Attendees:

Zoe Smyth (Rewards & Benefits Manager)
Mareena Anderson-Thorne (HR Officer – Pensions)
Steve Yates

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Pension Officer's LGA Bulletin Overview (April-June 22)



Actions arising from bulletin to include DSFRS status update

LGA Bulletin No.	Action	Due date	DSFRS Status Update		
			April	May	June
No 54	Abatement Policy review considering Pensions Ombudsman determination PO-25374	ASAP	MAT Looking at Abatement (Retirement/re-employ) policy, along with Discretions for FPS & LGPS.	MAT Looking at Abatement (Retirement/re-employ) policy, along with Discretions for FPS & LGPS. Still a work in progress. Looking to complete draft policies by the end of May.	There has been a delay to ensure the policies don't contradict each other. Meeting on 20.6 to discuss some elements that will influence the policies. Latest Bulletin contained informal abatement guidance that I will use.
No 54	Prospective remedy (1 April 2022): All parties to ensure changes needed for 1 April 2022 are in place before that date.	1 st April 2022	Completed Pay & Conditions team have completed the transfer on iTrent & Workforce by the April payroll deadline.	N/a	N/a
No 55 & No 56 & 57	Matthews: FRAs to inform LGA of total numbers of member, split by scheme (FPS 1992, FPS 2006), affected by aggregation.	No later than 31 May 2022 30 June 2022	MAT/ZS will be looking to start this before the end of April.	Deadline now extended to 30 June 2022 due to additional information the LGA have requested. LGA are holding a Payroll workshop in May for confirmation and clarity over the data collection exercise. MAT/HB & JF are enrolled on this.	Payroll workshop was attended by ZS/HB&JF 24/05. Payroll data extraction is underway. No concerns at his time. Confident we will meet the deadline.

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Agenda Item 6a



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No 55	Communication: FRAs to contact all current former protected members and provide key features of FPS 2015 communication, plot April 22.	April 2022	Completed Shout Out communication 28/03 Letters posted to On-Call members Email sent to WT members	N/a	N/a
No 55	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	13 May 2022	Completed MAT has contacted Roderick Hewson who has confirmed he does this.	N/a	N/a
No 56	Payroll Workshop FRAs to register their interest by 13 May 2022	13 May 2022	N/a	Completed MAT has enrolled herself, HB & JF in the workshop, as it focusses on the data collection required for the above questionnaire	N/a
No 56 & 57	FRA Pension Contacts: FRAs to provide LGA with information on who should receive generic pension information. To include the Scheme Manager and one other person who has day to day responsibility for Pensions.	31 May 2022	Completed MAT has emailed LGA with ZS, MAT and generic Pensions@ contact details	N/a	N/a

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No 57	TPR 6 key processes factsheet Recommends that each FRA should ensure the assess which processes we they have in place and take action to improve	ASAP	N/a	N/a	Review of the Risk register to ensure areas advised on the factsheet are included. ZS & MAT have meeting booked for 17/06 to discuss RR
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Key Information

[FPS Bulletin 55](#)

Matthews/O'Brien – Second Options exercise

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On-Call FF affected by the O'Brien judgment will be provided a second options exercise, allowing in-scope individuals the option to purchase pension entitlement as Special members of the FPS 2006 Scheme.

Legislation is expected to come into force in the next 18 months. FRA's will be expected to start the second options exercise ASAP after the legislation comes in and it will be expected to run for a maximum of 18 months.

In the meantime, it is advised that FRA's take steps to identify on-call employees that were in service and in scope for this exercise.

In addition to this, and by 31st May 2022 we need to report aggregated members, who were in On-call employment between 7/4/00 – 5/4/06 and then joined Whole time without a break or overlap in service.

ID Tax implications ahead of legislation

HMT responded to the letter sent by SAB Chair. 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



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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.

PSPJOA 2022 – comes into force 1st April 2022

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

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The Finance Act 2022 – came into force 6th April 2022.

Sections 9 & 11 have consequential impact on the 2015 Remedy for 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.

Any measures will require secondary HMT legislation to implement, which is not anticipated until later in 2022



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Mandatory scheme pays deadlines are changing

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

[FPS Bulletin 56](#)

Technical query log

Technical query log has been published <https://www.fpsregs.org/images/admin/Technical-Query-Log-28-February-2022.pdf> and is available in the FPS Regs site. The log includes a list of current/ resolved queries and responses that have been anonymised and divided into topics. This is updated in line with the bulletin release dates.

Member benefit illustrations

To coincide with the changes on 1 April 2022 and to provide members with a better understanding of the implications of remedy on their benefits, the Firefighters' Pensions (England) Scheme Advisory Board (SAB) worked with Barnett Waddingham to produce a suite of illustrative member scenarios <https://fpsmember.org/sites/default/files/2015-Remedy-member-benefit-illustrations.pdf>

The illustrations are based on different scheme memberships, scenarios and salary profiles, with benefits shown at a range of key retirement milestones. The member benefit illustrations follow the "[Your questions answered](#)" fact checker produced in February 2022 which aims to answer some recurring questions that members have about the 2015 Remedy.

SAB respond to Home Office consultation response on prospective remedy

On 20 April 2022, the SAB submitted a letter to the Home Office acknowledging the consultation response on regulation amendments to deliver prospective remedy for the FPS. The SAB noted the response and welcomed the opportunity to engage further with the Home Office on issues falling outside the scope of the consultation, such as the ill-health process and early retirement factors for the FPS 2006. A full summary of 7 Click here to return to Contents the Board's discussion will be available in the meeting minutes of 24 March 2022, when published.

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TPO – Early resolution factsheet updated

On 30 March 2022, The Pensions Ombudsman (TPO) published an updated version of its [factsheet on the Early Resolution Service](#). The factsheet provides guidance to members on the Early Resolution Service. This includes explaining what it is, how it operates and what options parties to a complaint have.

TPO News – March 2022

On 31 March 2022, the Pensions Ombudsman (TPO) published its [March news](#). The news includes articles on:

- webinars taking place in May and June
 - the recently updated factsheet on the Early Resolution Service (as above)
 - new legal determinations
- **Webinars – save the date**
Following previous newsletter announcements, we will be running the following webinars:
- **How to Avoid the Ombudsman** – Tuesday 24 and Thursday 26 May
 - **Volunteering at TPO** – in conjunction with Volunteer Week 1 – 7 June (date TBC)
 - **TPO's Pension Dishonesty Unit** (date TBC)

Annual Allowance Changes

The Government has changed the annual allowance rules. This has been done by section 9 of the [Finance Act 2022](#) and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#).

The changes apply in certain situations where annual allowance calculations for previous years are retrospectively amended. The following is the LGA's interpretation of the changes, which we emailed to lead FRA contacts on 5 April 2022.

Step 1: An employer becomes aware that information previously given was insufficient



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The employer must provide the further information within three months of becoming aware the information was insufficient or, if later, on or before 6 July following the end of the relevant PIP

Step 2: The administrator must recalculate the annual allowance for the relevant PIP

If the administrator receives the further information from the employer for a PIP falling within the 'relevant time', it must recalculate the annual allowance.

The 'relevant time' for this begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the authority received the further information.

Administrators must also recalculate annual allowance amounts where there has been a change to the scheme rules.

Step 3: Deadline to make or amend mandatory scheme pay elections extended

Members must give mandatory scheme pays elections by no later than 31 July in the year following that in which the 'relevant tax year' ends. 'Relevant tax year' means the tax year the member exceeded the annual allowance. However, for members who received a pension savings statement as a result of a recalculation under step 2, this deadline will likely have expired. For these cases, section 9 of the Finance Act 2022 extends the deadline in certain situations.

The new regulations have also changed the time limit for amending mandatory scheme pays elections. With effect from 6 April 2022, this has been extended by two years.

So, if a member exceeded the annual allowance in tax year 2019/20, the new deadline for giving the amended notice is 31 July 2026. The deadline was previously 31 July 2024.

Step 4: Deadline for administrators to pay annual allowance charge to HMRC extended

Administrators must report and pay annual allowance charges to HMRC using Accounting for Tax (AFT) returns. Administrators must use the return for October to December in the year following that in which the tax year ends. Though, it can choose to use a return for an earlier period. However, where the member makes a mandatory scheme pays election by the extended deadline, the deadline will likely have expired. For these cases, section 9 of the Finance Act 2022 extends the deadline.

PASA publishes fraud guidance on pre-employment vetting



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On 19 April 2022, the Pensions Administration Standards Association (PASA) published [fraud guidance on vetting new employees](#).

PDP progress update report published

On 27 April 2022, the Pensions Dashboards Programme (PDP) published a video introducing the April 2022 progress update report. This is the fifth progress update report and provides a summary of what PDP has achieved since Oct 2021.

HMRC

2 new Newsletters have been published by HMRC

[Managing pension schemes service newsletter](#)

The newsletter sets out that a new feature has been added to the Managing pension schemes service

[Guaranteed Minimum Pension \(GMP\) equalisation newsletter](#)

This newsletter supplements previous guidance in Guaranteed Minimum Pension (GMP) relating to benefit adjustments that registered pension schemes may have to make to remove inequalities arising from GMPs.

[FPS Bulletin 57](#)

Ill health underpin

To avoid any such members being placed in a worse position, changes have been made to the reformed scheme rules. [Regulations 65\(2A\) and \(2B\)](#) have been inserted into the FPS 2015 regulations with effect from 1 April 2022. This means that for members where the ill-health assessment process began on or before 31 March 2022, the member is assessed for ill-health retirement against an NPA of 55. This will mean that there should be no cases where an affected member would have qualified for ill-health retirement under the legacy 1992 scheme but does not qualify under the reformed scheme.



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The members benefit entitlement should be calculated in the same manner as set out in the FPS 2015 regulations.

Abatement

As mentioned in the actions above, new guidance has been issued from LGA. They have consulted with FRA FPS practitioners and administration colleagues as well as the Scheme Advisory Board and Home Office ahead of publication. The guidance will be kept under review and updated in line with any scheme changes. We also hope to add an example abatement policy in due course. We recommend that FRAs take the guidance into account when considering future cases

Software Workshop

At the coffee morning on 17 May concerns were raised over the readiness of pension administration software for the retrospective remedy.

As highlighted in the meeting, the legislation needed to facilitate retrospective remedy will not come into force until 1 October 2023, at which point this will signify the start of the implementation phase. FRAs and administrators will have a period of up to 18 months to provide members with options on their scheme benefits. This means that anyone who has retired and has an entitlement to the remedy should be contacted and presented with their options. [6 Click here to return to Contents](#)

Our software providers, Heywood and Civica, are currently working on updating their administration systems to ensure that they are fully functioning to provide the calculations needed for the retrospective legislation. Unfortunately, some modifications cannot be made without clear direction on certain policy decisions. This may mean that elements of the payroll software cannot be updated until the regulations have been made available.

With this in mind, we have contacted the software suppliers and asked whether they would be prepared to present their implementation timeline to FRAs, which should enable FRAs to become more familiar with the overall time frame and highlight any problem areas. We will contact FRAs once a date has been agreed with your relevant software supplier.



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Annual Benefit Statements (ABS's) 2022

At the Fire Technical Working Group (FTWG) meeting on 7 March 2022 we discussed annual benefit statement production (ABS) for 2022.

As ABS's in 2022 will be based on current scheme regulations up to 31 March 2022, it was proposed that the same process as last year is followed, and the statements caveated in a similar way. FPS Bulletin 44 – April 2021 provides more information.

However, while the recommendation last year was to suppress projections for fully protected members which would have incorrectly forecast final salary benefits beyond 31 March 2022, administrators were asked to consider that projections for former protected members could be included this year on a fully CARE basis.

The group failed to reach a consensus on this matter, it was therefore agreed that administrators will make the final call on whether to include projections or not. It is the expectation that administrators will notify the FRAs they administer on their decision.

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Technical Query Log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website.

No new queries have been added this month

FPS England SAB updates

TPR factsheet

We advised readers in FPS Bulletin 47 – July 2021 that the results of the 2020-21 [Governance and Administration survey](#) had been published by the Pensions Regulator (TPR). As part of the annual survey, TPR measures six processes as key indicators of public service pension scheme performance. The six processes are:

1. Documented policy to manage board members conflicts of interest
2. Access to knowledge, understanding and skills needed to properly run the scheme
3. Documented procedures for assessing and managing risks



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4. Process to monitor records for accuracy / completeness
5. Process for resolving contribution payment issues
6. Procedures to identify, assess and report breaches of the law

In 2020-21, 74 per cent of Firefighters' schemes across the UK reported having all six processes in place. This had increased from 55 per cent in 2019.

We have refreshed [six key processes factsheet](#) to reflect the most recent results and give guidance to FRAs and their Local Pension Boards (LPBs) to improve understanding and compliance in the next survey.

SAB remedy engagement sessions

The Scheme Advisory Board (SAB) has been invited by the Home Office to take part in a series of joint engagement sessions with the Police SAB to consider schemespecific versions of the Provision Definition Documents (PDDs) which define the provisions of the Public Service Pensions and Judicial Offices Act (PSPJOA) 2022 for each area of the 2015 Remedy.

The first meeting is due to take place on 24 June 2022 where the SAB will be discussing the interest and eligibility PDDs

PASA Cybercrime protection checklist

The PASA Cybercrime and Fraud Working Group has published a [Cybercrime protection checklist](#) for pension administrators. The checklist builds on cybercrime guidance published by the group in November 2020. It provides examples of steps administrators can take to assess their defences against cybercrime.

DLUHC publishes statutory guidance on special severance payments

On 12 May 2022, the Department for Levelling Up Housing and Communities (DLUHC) published statutory guidance on special severance payments. Best Value authorities in England must have regard to the guidance in circumstances in which it may be appropriate to make Special Severance Payments. The guidance also covers approval, disclosure, and reporting requirements.

The guidance does not apply to authorities in Wales. You can find a list of the bodies the guidance applies to at the end of the guidance.

The guidance confirms that:



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- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy, or efficiency retirement over age 55) does not constitute a special severance payment
- strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a Special Severance Payment, depending on the terms of the individual's contract 11 [Click here to return to Contents](#)
- strain cost related to waiving an actuarial reduction when a member retires under regulation 30(5) may constitute a Special Severance Payment, depending on the terms of the individual's contract.

DLUHC consulted on a draft version of this guidance in 2021.

Considering the above, we contacted the Home Office to establish whether any consideration needs to be taken of the strain costs for releasing benefits early under Authority/Employer initiated early retirement or waiving restricted commutation under the FPS.

The Home Office confirmed that, although this policy sits outside of its pensions remit, it has contacted the policy lead at DLUHC, who has confirmed that both instances (i.e. fitness assurances and commutation uplift) would not fall within the scope of special severance payments.

HMRC

2 new Newsletters have been published by HMRC

[Pension schemes newsletter 139](#) has articles on:

- relief at source — annual return of information for 2021 to 2022
- digitisation of relief at source
- managing Pension schemes service
- Accounting for Tax (AFT) returns

[Pension schemes newsletter 138](#) has articles on:

- HMRC has updated its annual allowance calculator to include the 2022 to 2023 tax year



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- changes to Scheme Pays reporting deadlines in some cases following the introduction of the Registered Pension Schemes (Miscellaneous Amendments) Regulations 2022 (see FPS Bulletin 56 – April 2022 for more information)
- a reminder to take action now to migrate your pension scheme to the Managing Pension Schemes service
- accounting for tax returns for the quarter ending 31 March 2022 must be submitted through the Managing Pension Schemes service.

Events

FPS coffee mornings

The next session is due to take place on 14 June 2022.

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

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3 May 2022 – [Contingent decisions](#)

17 May 2022 – [Transitional benefits post 1 April 2022](#)

31 May 2022 – [ABS and RSS](#)

Payroll workshop

Slides covering the event have been made available and can be found on the [age discrimination implementation page](#) of the FPS Regs and Guidance Website.

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