

## **FPS Bulletin Update**

**Pensions Management Team 26<sup>th</sup> April 2022**

### **FPS Bulletin 53**

#### **Immediate Detriment Framework – Update on position from FRAs**

The LGA will shortly be contacting scheme managers to ask what arrangements are currently in place for their FRA. This information will be used to better understand the current landscape, which will better place them for discussions with other parties to identify any necessary solutions, and support FRAs.

Action – Scheme Manager to respond to request when received

#### **Age discrimination remedy help and support**

The LGA's expectation is that FRAs will be working through the guidance issued in bulletin 44 and are gathering the data that is required to populate the FPS remedy data collection template. The LGA have asked for suggestions on ways in which their resource and expertise may benefit each FRA, suggestions should be emailed to them.

Action – payroll to gather the data and populate the template once XPS have provided it

#### **SAB levy 2021-22 – Request for Purchase Order Numbers**

The SAB budget for 2021-22 has been approved by the minister and the invoicing process has started. 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.

Complete – PO raised and forwarded to the LGA 20/01/22

## FPS Bulletin 54

### **Abatement update**

In light of the recent Pension Ombudsman ruling – PO25374 during which a 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. The LGA have taken advice from the SAB's legal advisor who have confirmed that FRAs should consider changing their policy if it is blanket abatement.

Action – To review existing policies and consider whether to revisit previous decisions. Agenda Item for PMT

### **Preparation for 1 April 2022**

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

Complete – HR provided letters to all members and communications sent out on intranet. Payroll moved scheme and paid correct contributions

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

Members who may hold a form of fixed or enhanced protection from LTA charges, will need to be advised to act before 1 April 2022 if they want to avoid losing their protection.

Complete – CFB have no members who fit into this category, no action required

### **FPS contribution rates 2022-23**

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.

For information

### **FPS Remedy 2015 – Your questions answered**

SAB) have commissioned 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 and have 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.

The FPS 2015 Remedy ‘fact checker’ has been developed to alleviate some concerns and answer some unknown questions for the FPS membership. This document is intended to be circulated as widely as possible.

Complete – links to the document were included in the letters and communication to members sent out in preparation for 01/04/22

### **FPS Bulletin 55**

#### **Legislation**

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.

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 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:

For information

#### **Matthews – Second options exercise**

On 9 March 2022, 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.

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.

FRAs 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, FRAs 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 FRAs determine whether the retained firefighter is in scope again this time around.

FRAs are asked to identify any retained firefighters who have transferred from retained to wholetime employment and maybe subject to aggregation and advise the LGA accordingly no later than 31 May 2022,

**Action – HR to identify and provide numbers to LGA before 31/05/22**

#### **Member communications post 1 April 2022**

In addition to distributing the protected member letter in advance of 1 April 2022, the LGA advise that 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 LGA have provided a protected member communication post-April 2022 that can be used.

**Complete – HR distributed the communication to protected members 21/04/22**

#### **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.

FRAs were strongly advised to communicate this message with staff.

**Complete – communication sent to staff via intranet**

#### **Cost control valuation 2016 finalised**

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%.

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.

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.

**For information**

**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. 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.

**Action – Lyn Younger to complete by deadline**