

FPS Bulletin 7 – April 2018

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

Never miss an issue again! Future publication dates have been determined as on or around the last working day of each month as schedules dictate. Past editions are available [here](#).

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](#).

Modified 2006 scheme workshop	2 May 2018
Joint Police and Fire governance event	9 May 2018
Local Pension Board (LPB) wrap up training	19 June 2018
SAB	20 June 2018
Firefighter Pensions Technical Community	2 July 2018
LPB Effectiveness Committee	5 July 2018
Aquila Heywood CLASS AGM, Holiday Inn - Manchester City Centre	11-12 July 2018
Firefighters' Pensions AGM	AMENDED: 17-18 September 2018
SAB	4 October 2018
Civica Fire & Police Technical meeting	11 October 2018
SAB	5 December 2018

FPS

Amendments to Firefighter Pension Schemes

On 16 April 2018 the Home Office launched a consultation on amendments to survivors' benefits in the Firefighters' Pension Scheme 2006 and various amendments to the Firefighters' Pension Scheme 1992, the Firefighters' Pension Scheme 2006 and the Firefighters' Pension Scheme 2015.

In the event of a member's death, the firefighters' pension schemes provide for the payment of certain benefits and awards to a member's partner ('survivors' benefits'), but as regards qualification for benefit, there are different regulations relating to the required status of that partner, according to which particular pension scheme the member belonged.

A recent Supreme Court case relating to the entitlements of a public service pension scheme member's partner has led the Government to give fresh consideration to this matter for all public service pension schemes, including those for firefighters.

In addition, a number of unrelated minor amendments are required to ensure that certain limited aspects of the schemes work as originally intended.

This [consultation](#) seeks the views of interested parties on [draft legislation](#) to enact these changes. The consultation closes on 14 May 2018.

Website resource update

The following pages of the FPS Regulations and Guidance website and the Scheme Advisory Board website have been added or significantly updated:

[General Data Protection Regulation \(GDPR\)](#)

[The Pensions Ombudsman](#)

[Local Pension Board resources](#)

[Local Pension Board training](#)

We are always happy to receive your feedback on the websites and particularly welcome proposals for additional content. Please contact [Claire Hey](#) with any comments or suggestions.

Spouse's pension on early retirement from FPS 2006 and FPS 2015

The Firefighter Pensions Technical Community have recently considered a query on the application of the survivor pension regulations for deceased members of FPS 2006 [\[Part4, Chapter 1, Rule 2, Para 3\]](#) and FPS 2015 [\[Reg 80, Para 4\]](#) who received an actuarially reduced pension.

While the 2015 rules do not go into as much detail as the 2006 scheme, the same principles should apply. This raised a question over the interpretation of the calculation detailed in the 2006 regulations:

where a portion of the deceased's pension had been commuted, the amount found by dividing by 2 the product of A and B, where—

- A is the amount which the deceased would have received if there had been no actuarial reduction; and
- B is the fraction which represents the uncommuted portion of A expressed as a fraction of A.

The group determined that the following example calculation, which disregards the actuarial reduction for both the pension and the percentage commutation, is correct based on the intention of the regulations.

Unreduced Pension at early retirement	=	£14,815.07
Less reduction for early retirement	=	£5970.47
[£14,815.07 - £5970.47]	=	£8844.60
Less 25% commutation [£8844.60 × 0.25]	=	£2211.15
Total Pension in Payment	=	£6633.45
Unreduced pension at early retirement	=	£14,815.07
Less 25% commutation [£14,815.07 *0.25]	=	£3,703.77
[£14,815.07 – £3,703.77]	=	£11,111.30
Divided by two [£11,111.30 ÷ 2]	=	£5,555.65

Total Spouses Pension = **£5,555.65**

A = £14,815.07

B = $\frac{3}{4}$

$(£14,815.07 \times \frac{3}{4}) / 2 = \mathbf{£5,555.65}$

Administrators and FRAs should make themselves aware of this, and check with their software suppliers whether the calculations comply with this method. If not then manual adjustments to Annual Benefit Statements or survivor benefit quotations / calculations will be required before a fix is implemented.

2017/18 scheme return – scheme specific data

You may be aware that the 2017/18 scheme return to be issued by the Pensions Regulator in July will include for the first time a data scoring section on both common and scheme specific (conditional) data. The common data will be set out in the return form, but scheme managers within public service pension schemes will be asked to select what conditional data they need to pay pensions, run the scheme, undertake scheme valuations, and to score whether this data is held.

You may well have already received some guidance on what constitutes scheme specific data from your advisers. However, to ensure consistency across all Firefighter Pension Schemes, the SAB are working to develop a standard set of scheme specific data for you to use when completing this year's scheme return. Our intention is to have this ready by the end of August and we will ensure that practitioners on the administration and benchmarking committee are involved in the development of the standard list before it is circulated.

We understand that the completed return will need to be sent back to the Pensions Regulator in September.

Top Up grant 2018

FRAs should now have started the process of extracting their pensions accounting data from their audited 16/17 and unaudited 17/18 accounts and making preparations for submitting their top up grant claims to the Home Office. The Home Office has already advised FRAs that all claims will need to be submitted via the new DELTA online data collection system. The deadline for returns is 18 May. Any queries regarding the process should be directed to [Anthony Mooney](#).

Other News and Updates

The Pension Ombudsman (TPO) signposting

TPO have announced some important changes to the way in which they deliver their service, following feedback from stakeholders and as a result of working closely with colleagues in DWP, FCA, FOS and TPAS.

The changes include:

- revised MOU with FOS,
- changes to FCA guidance and the DISP rules,
- transfer of the TPAS informal dispute resolution function to TPO,
- transfer of staff and volunteers from TPAS to TPO,
- TPO relocation to Canary Wharf and
- TPO free phone number.

TPO were asked for assistance in signposting to their services on websites, complaint literature, product literature and final response letters/at the end of the complaints handling process and have launched the signposting template available at [Appendix 1](#). This is available as a Word document to encourage organisations to apply or adapt the wording according to individual business needs.

It is hoped that the use of consistent wording will strengthen and simplify signposting to TPO's service and ultimately streamline the customer journey. For more information, visit the [TPO website](#).

Outcome of Walker v Innospec Ltd and others – implications for PSPS

It has been publicised on the Teachers' Pension Scheme [website](#) that following the Government's consideration of the implications for Public Service Pension Schemes (PSPS) of the outcome to the [Walker \(Appellant\) v Innospec Limited and others \(Respondents\)](#) case, regulatory changes will be introduced to provide (subject to the deceased member's employment, pay and scheme membership) that:

1. survivors of same-sex marriages and civil partnerships are to be treated in the same way as widows of opposite sex marriages (survivor benefits in relation to service from 1 April 1972 or 6 April 1978 if the marriage was after the last day pensionable service); and
2. the change applies from the date civil partnerships and same-sex marriages were implemented.

The Home Office have confirmed that they are currently considering their position to determine what detailed recommendation they will make to ministers on how to proceed with regards to the FPS.

New style ESA [contribution based ESA]

We have been made aware that there is some concern over the payment of Universal Credit and whether New Style ESA (contribution based ESA) would be rolled into universal credit, thus making it difficult to isolate the value of the ESA(C)

DWP have confirmed that the payment of new style ESA will continue to be a separate payment, which is also the advice provided on the gov.uk [web pages](#)

Therefore administrators can continue to deduct new style ESA where it is deducted in accordance with schedule 1, part 1, rule 3 of the compensation scheme rules. Compensation scheme rules are available [here](#).

Advice from DWP:

“As you know, both Employment and Support Allowance (ESA) and Jobseeker’s Allowance (JSA) in their original forms had (and still have) two strands - a contributory strand and an income-related strand. Universal Credit (UC) is gradually replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, the income-based strand of JSA, and the income-related strand of ESA. It is not possible to have entitlement to both UC and the original versions of ESA/JSA, so, in 2013, we necessarily introduced new ESA and JSA Regulations, to provide a “new style” of both benefits, namely one which consists of a contributory element only and thus can be paid alongside UC.

UC is not replacing the contributory elements of JSA and ESA. Within the UC assessment, new style ESA/JSA, when paid concurrently, is taken into account in full as unearned income: it is neither part of the UC entitlement nor subsumed within the award of UC. Awards of new style ESA/JSA can, indeed, persist long after an award of UC has terminated (eg on income grounds).

In summary, new style ESA remains a separate and distinct benefit in its own right, with its own decision notices and separate rights of appeal, and the amount of any award thereof should be readily identifiable for your purposes.

Purely on a point of detail, in reality there is no such thing as an award of “new style” ESA/JSA. This terminology was adopted as a handy legal contrivance to enable us to distinguish, where necessary, between the original and new versions of the benefits - see, for example, the definitions in article 2 of the following [Order](#) - but the names of the benefits (whether “old style” or “new style”) properly remain “ESA” and “JSA” pure and simple, and the awards of either benefit properly remain awards of “ESA” and “JSA” pure and simple.”

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 97 containing important updates and guidance on pension schemes. The following issues are covered:

[Newsletter 97 – March 2018](#): relief at source for Scottish Income Tax, relief at source – excess relief, form APSS262 – reporting overseas transfers, new pensions online service newsletter, Finance Act 2018, Annual Allowance and outstanding accounting for tax (AFT) charges.

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 April.

[Countdown bulletin 33](#)

Annual allowance calculator - temporarily unavailable

As advised by email on 18 April 2018, HMRC have confirmed that following the addition of the 2018/2019 tax year, the pensions annual allowance calculator is not working as it should in some cases.

As this is not in line with the level of service that HMRC is committed to providing, and to make sure customers get the right results from the calculator in future, they have temporarily removed access to the calculator until it is updated.

Scheme members can find general guidance on annual allowance at [Tax on your private pension contributions: Annual allowance](#). More detailed guidance can be found in the [Pensions Tax Manual](#). This will help members to work out whether they have exceeded their available annual allowance and whether they will incur a tax charge.

HMRC are working to update the annual allowance calculator and will inform customers of progress on this via the [Pension schemes newsletters](#).

Training

Special Members of the 2006 Scheme Refresher Workshop

We are pleased to invite you to participate in the above free event being held at the LGA offices at 18 Smith Square, London on Wednesday 2 May 2018, from 10:00 to 15:00.

This refresher workshop focuses on special members of the 2006 scheme - more commonly known as the modified scheme. The scheme amendments introduced by legislation in 2014 have commonly been considered to be complex to administrate and communicate.

The workshop is designed to reflect on the history of the scheme and what information was provided to help FRAs, refresh delegates on the technical details, and offer an opportunity to network with colleagues. The session will be relevant for scheme managers, HR and pension practitioners, and software providers. A [draft programme](#) is attached.

[Book your place here](#).

Fire and Police Local Pension Board Governance

The Fire and Police Scheme Advisory Boards with the National Police Chiefs Council (NPCC) are holding a joint event at the LGA Offices in Smith Square, London, SW1 on 9 May 2018 to review, pre-publication, the outputs from this year's TPR Governance and Administration Survey. We would be delighted if you can attend.

As well as receiving a briefing from the Pensions Regulator on the survey results for both fire and police schemes, delegates will have an opportunity to network with colleagues and share experiences of operating Local Pension Boards over the past two to three years.

We hope the event will focus Local Pension Boards on priorities for their workplans and help identify further opportunities to add value in assisting Scheme Managers.

This free to attend session is aimed at Local Pension Board chairs, Local Pension Board members, scheme managers and industry experts. A [draft programme](#) is attached.

[Book your place here](#).

GDPR and TPR data requirements

Around 70 delegates and exhibitors attended the data seminar held at 18 Smith Square, Westminster on 29 March 2018. Thanks to all those who contributed to the success of the event.

The conference aimed to look from a pensions perspective at the requirements of becoming both GDPR compliant and meeting TPR expectations, and was intended for data controllers (scheme managers), Data Protection Officers, data processors (administrators), Local Pension Boards and industry experts.

The audience enjoyed absorbing presentations from the LGA, ITM and TPR, along with practical tips from Local Authority colleagues, and had opportunity to view some of the solutions on offer from software suppliers.



The full presentation slide deck from the event is available [here](#).

The LGA Bluelight team has instructed Squire Patton Boggs to produce a template privacy notice for scheme administrators (as data processors) to send out on behalf of Fire Authorities (as data controllers). We hope to be in a position to share this document in early May. Once available, it will be held on our new [GDPR page](#) along with other relevant resources.

Legislation

There have been no new items of relevant legislation issued since FPS bulletin 6.

Useful links

- The Firefighters' Pensions (England) Scheme Advisory Board www.fpsboard.org
- FPS Regulations and Guidance www.fpsregs.org
- Khub Firefighters Pensions Discussion Forum <https://khub.net/group/thefirefighterspensionsdiscussionforum>

- FPS1992 guidance and commentary
<http://webarchive.nationalarchives.gov.uk/20120919152859tf/http://www.communities.gov.uk/fire/firerescueservice/firefighterpensions/firefighterspensionscheme/>
- The Pensions Regulator Public Service Schemes
<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>
- The Pensions Ombudsman <https://www.pensions-ombudsman.org.uk/>
- HMRC Pensions Tax Manual - <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual>

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