

West Midlands Fire and Rescue Authority

Pension Board

**You are summoned to attend the meeting of Pension Board to be held on
Wednesday, 12 December 2018 at 15:00**

at Fire Service HQ, 99 Vauxhall Road, Nechells, Birmingham B7 4HW

for the purpose of transacting the following business:

Agenda – Public Session

- | | | |
|----|---|----------------|
| 1 | To receive apologies for absence (if any) | |
| 2 | Declarations of interests | |
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| 10 | TPR Governance and Administration survey 2018
Update on completion of Survey | |
| 11 | Recruitment Process for New Members
Wendy Browning-Sampson | |
| 12 | Pension Board Members Assessment of Skills | |

- 13 Update on Topical, Legal and Regulatory Issues (Verbal Report).
- 14 Date of next meeting
- 15 Pension Board Training
Training provided by Clair Alcock, Firefighters' Pension Adviser,
Local Government Association

Distribution:

Neil Chamberlain - Independent Chair, Alan Tranter - Employee Representative, Wendy Browning-Sampson - Employer Representative, Adam Harper - Employee Representative, Emmett Robertson – Employee Representative and Kal Shoker - Employer Representative Vacancy – Employer Representative

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This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at www.wmfs.net

Minutes of the Pensions Board

**27 September 2018 at 1100 hours at
Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Mr Neil Chamberlain (Chair)
Mr Kal Shoker – Employer Representative
Wendy Browning Sampson – Employer
Representative
Emmett Robertson – Employee Representative
Mr Paul Gwynn (Adviser)

1/18 Apologies for Absence

Adam Harper, Employee Representative

2/18 Declarations of Interest

Emmett Robertson declared his interest as a Member of the Pension Scheme.

3/18 Minutes of Pension Board held on 20 July 2017

The minutes of the Pension Board held on 20 July 2017 were received.

4/18 Terms of Reference

The Terms of Reference of the Pension had been reviewed, revised and approved at the Annual General Meeting of the Fire Authority.

The number of employee and employer representatives had increased from 2 to 3. Employee representatives are elected and Employer representatives are appointed.

The Pension Board would now be meeting four times a year and Members were requested to familiarise themselves with the revised Terms of Reference, the role of the Board and its purpose.

The Board asked for a letter of invitation to be forwarded to Malcolm Eastwood, Chairman of the Scheme Advisory Board to attend a future meeting of the Pension Board.

The Board requested that the LGA Pension Adviser be approached to attend the December meeting of the Board to provide the free training available to all Pension Boards.

The Adviser also suggested that the Service could offer to host any of the national Pension meetings and agreed to contact the Pension Adviser.

It was also confirmed that the West Midlands Fire and Rescue Authority as Scheme Manager have delegated the role to the Audit and Risk Committee and the Chair of the Pension Board reports back to the Chair of the Audit and Risk Committee.

The Adviser stated that he had attended the Conference and stated that it was open to all Pension Board Members to attend to gain a better understanding of the legislation.

A copy of the Pension Regulator Guidance had been used and referenced when appointing new members and it was agreed that a link would be circulated to all Member.

5/18 Pension Board Supporting Information

The Pension Board received a presentation from the Pension Advisor in conjunction with the Pension Section Supporting Information report. The report covered the Basic Demographics as at 31 August 2018.

The Board noted the high number of non-members and the Adviser stated the main reason for this was a possible lack of understanding. The Adviser had noticed that people who were in 1992 scheme had joined reasonably young, moved to the 2015 scheme and then opted out in their late 30s.

It was confirmed that members are made aware of their benefits before they opt out. Item 3

The main reason for opt-outs was financial with many taking a break of 3 – 4 years and it was considered that they may opt back in. Then reason was considered to be because of the rise in the pension age to 67 in the new Scheme.

It was noted that the Police Pension Scheme was experiencing a similar pattern. Half of those who approached the Pension Team about opting out did not follow up with an application.

Activity Levels and Performance

The average age of members retiring was age 60 and the number had been a little lower than previous year.

There had been a slight increase in opt outs and this was mainly recruits. The recruits are auto enrolled as part of their contractual enrolment in accordance with the 2015 rules, then can opt out. During the six months ending August 2018, 18 Members had opted out, 15 of these were male, and the average age at opt out was 31. 8 of those opting out did so in the first 3 months and the average length of membership was 3 years and 313 days.

32 Applications to transfer in and out of the Scheme had been received

The average response time for divorce issues was 96 days, higher than the target of 92 days, primarily because the number of divorces had increased. The spike was also caused by two calculations now being required from the old scheme and the 2015 scheme.

The Advisor stated the obligatory time to respond to requests was 90 days. The work involved depended on the age and position and specific questions/follow up questions and what other work was required in the department.

Wendy Browning Sampson asked if there were any concerns with the gender of those opting out.

The Advisor was asked to report back to the Pension Board. He confirmed that he provided this information to the centre^{Item 3} and would confirm in his next report. The number of men opting out was 3 to 1 woman and the ages were similar.

The Advisor suggested that people opted out due to financial reasons not gender and recruits are given information on Pensions when they join.

The Adviser informed the Board of the views of the Head of the Pensions Association in that people are making mid-life assessments and looking at moving their pension with their careers and pensions needed to become more portable.

The Adviser agreed to contact the Scheme Advisory Board Chair about national statistics for opts outs.

Internal Dispute Resolution Procedure (IDPR)

This is the method by which anybody with a complaint regarding the Pension Scheme and how its handled can get their complaint heard. They cannot put it through the grievance procedure.

IDPR is open to Scheme Members whether they a member (active, deferred or pensioner), a widow, widower or surviving dependant of a decease member or a surviving non-dependant beneficiary. All could potentially have a complaint.

During the year being reported four cases were received under the IDRP. The cases were set out in the report. The Adviser suggested that more people are using the complaints system as they don't like the scheme or some don't understand the scheme.

1 case had gone to the Ombudsman who had found in the Authority's favour.

1 case was when the complainant had subsequently gone back to speak to Chief Fire Officer.

2 cases were upheld at Appeal.

IDRP has 4 stages

Item 3

- 1 DCFO
2. Appeals Committee
- 3 Ombudsman
- 4 Supreme Court – only if mistake of law involved.

Reconciliation of Guaranteed Minimum Pension (GMP) Records

Stage 1 queries submitted by 31 January deadlines for all schemes

HMRC initial data featured 2,212 records

Currently 777 records awaiting further investigation

The task is 63.4% complete and must be completed by the 31 December 2018.

The Home Office asked Services to a report to HMRC where GMP transferred to another fire authority but has become orphaned in the eyes of Revenue

The Adviser stated there may be one case that falls into this category from the mid 1980s and would check his records.

There were 230 cases where the HMRC thought members were with WMFS but they had transferred.

Data Quality Reporting to The Pension Regulator

There was a new expectation that Schemes would measure their data and test it for quality purposes. A further report would be presented on this subject to the December 2018 meeting of the Pension Board.

The Service had measured the Common Data, name, address, date of birth, service start date and had achieved a score of 95.12% and a target date for 100% completion was to be agreed by March 2019 .

The Scheme Advisory Board were to confirm details of the conditional data.

The Adviser would provide updated statistics on the missing information. Item 3

Collaborative working

Officers had met with West Midlands Police Managers on 19 October 2018 to discuss Data Quality checking. This had not gone ahead. A date was yet to be agreed for a joint training session with the Police.

Contact had been made with Warwickshire FRS however, their Pensions expert had left and not been replaced. The Adviser had given information to Warwickshire on a specific technical enquiry.

The Adviser was waiting for future advice and would discuss the Collaboration agreement with Warwickshire project with the Treasurer.

It was noted that the Pensions Team are represented on a lot of pension and payroll working groups.

The service had tendered to provide pensions services for Hereford and Worcester FRS but had lost out to West Yorkshire FRS on the basis of cost and inexperience of retained firefighter pensions.

FPS Bulletins and Scheme Advisory Board

Seven Bulletins had been issued since the last Pension Board meeting covering a wide range of topics

Local Pension Board were put in place to help the Scheme Manager, the Scheme Advisory Board (SAB) was put in place to assist the Minister

The Adviser stated that the SAB was helpful and active, Malcolm Eastwood was the Chair, and Claire Alcock, Adviser, Claire Hey, Assistant Adviser, Helen Scargill Technical Advisor, and other Members appointed by the Unions were able to provide advice and support to Pensions Teams.

The SAB have Working Groups:

Item 3

- Technical Working Group - looks at Regulations
- Communications - to ensure consistent messages across the country
- Benchmarking – looks at the cost of administration.

Paul Gwynn is on Technical Working Group

Christina Jackson is on the Communications group

Ian Cross is a member of the Regional Fire Officers Group

The Brigade had hosted the Communications Group and Claire Hey and Clair Allcock had attended. The Adviser recommended making contact with them and getting involved with the SAB as this would bring the many benefits of networking.

Members would review the FPS Bulletins and The Adviser would bring important items to the attention of the Pension Board.

The Advisor confirmed the Annual Benefit Statements had all been issued on 25 July 2018 which was before the 31 August 2018 deadline and this work was managed by the Pensions Team.

The Chair thanked the Advisor for the time and effort put into producing the report and presentation and found it useful and informative.

6/18 **Scheme Advisory Board Survey – West Midlands responses**

The Adviser stated that the 2018 Annual survey was expected imminently and was aimed at the Board. It was suggested that Members view the Survey and feed their thoughts into the return to achieve a shared input in the completion of the survey. This would take place outside of the meeting.

It was noted that the Pension Board is operating more in line with the outcomes of the 2017 Survey.

7/18 **Scheme Advisory Board Bulletins**

Item 3

The Scheme Advisory Board Bulletins had been circulated to Members of the Board and the contents discussed under other item 5 of the Agenda.

8/18 **Annual Pensions Conference 2018**

The Adviser had attended Day 2 of the Annual Pensions Conference 2018 and had circulated powerpoint slides from the Conference which he had found highly informative. The Adviser had attended a Pensions Appeal on the first day of the conference and couldn't attend, but recommended attendance at the Conference in 2019 as it provided highly useful networking opportunities. A full list of attendees was provided via a link in FPS Bulletin 12, but an example of attendees was given as HR Managers, Treasurers, Pension Board Members, Firefighters and Solicitors.

Dates of future Conferences would be advertised in future Bulletins and the Adviser stated that attendance would be very worthwhile for members of the Board.

The government were reviewing the valuation of the Scheme which occurs every 3 years.

The cost of the scheme had fallen below the floor, and therefore was costing less than the government had anticipated.

The likely outcome of this is that from April they will alter the accrual rates. This will mean that members will earn more Pension per year for the next 3 years.

Turning to Employers contributions the SCAPE rate has changed and this is impacting on the Employers contribution rate.

SCAPE means the Superannuation Contributions Adjusted for Past Experience and is used to measure the potential return for unfunded public sector pension schemes as if they had real money.

The imaginary returns have gone down as a result of the change to the SCAPE rate and as such Employers will need to pay more. ^{Item 3}

The suggestion is that the increase will be reasonably sizable.

Fire Leaders Association have submitted an appeal to HM Revenue on the amount of tax being paid by their members which they believe is an unintended result of changes to pension taxation.

Budgeting
Medical appeals
Pension scheme when combined useful technically.

Case law

It should be noted in the Risk Register that on 5 November – the Pension Appeal on the 2015 transitional regulations will take place.

Protections in place and how benefit calculated.

10 years protection - Remain in scheme until retirement

5 or 10 years - Remain in scheme for a period of time before moving to 2015 scheme.

Over 10 years - No protection

This has been challenged by FBU on grounds of age discrimination

The original tribunal upheld the FBU's appeal on one part of the case but rejected it on the other.

The FBU appealed the part they lost and the Government did likewise.

The outcome of another Tribunal is expected 5 November 2018.

The Adviser suggested that this should be added to the Risk Register for the Board to consider. There could be a major^{Item 3} impact on the organisation and Pension Team.

In the event of the Court finding in favour of the FBU the transitional regulations become unlawful, and potentially no one has any protection.

A question has arisen regarding what the Pensions Team should do about answering enquiries in anticipation FBU won and Appeal

Emmett Robertson asked if the scheme cost the government less to run, would they be looking at contribution rates coming down?

The Adviser felt that this could be an option.

SAB would make recommendations to the Minister. The Minister need to accept if not then there would be a change accrual rate.

SAB may suggest a change to the accrual rate.

Benchmarking Survey is for all members, Pension Boards/Scheme Manager and Scheme administrators

The Report provides information to the Minister on how the scheme is being run.

The Pension Board should be prepared to provide its views of the issues.

This would be added to the Work Plan for the next 12 months
There was an expectation that Members should attend and that attendance should be shared out.

The Pension Board would complete the Survey and should consider attending the Pensions Conference.

9/18 **Risk Register as at September 2018**

Item 3

The Adviser recommended to the Board that it added the outcome of the Pension Appeal in November 2018 to the Risk Register as the outcome could cause a serious restriction on the Pension Section.

The Chair asked for Risk Owners to be added and for Members to consider the Risk Register as a “living” document and for all Members to review the Register and provide feedback on the document at the next meeting.

10/18 **Recruitment of Process for New members**

The Board discussed the recent Recruitment Process for New Members of the Board. The Adviser stated that there was not any specific legislation for this, but that the Scheme Manager is responsible for the recruitment and the Employee and Employer Representatives should be equal.

The Board had decided that it would obtain Employee Representatives by election and Employer Representatives by nomination.

There had been one expression of interest at the closing date and the date had therefore been extended with the agreement of the Chair in order to gain further expressions of interest to give Members more choice of representatives.

An Election was held but there was an unfortunate issue around the election and the elections were anonymous initially.

It was agreed that the Recruitment Process needed to be added to the Terms of Reference of the Board.

The Pension Board agreed to look at the Recruitment Process for the next round of recruitment to increase awareness. The Board agreed to plan and communicate the election period more widely and would raise awareness of the role through the Fire Brigades Union.

The third Employer Representative had not been appointed and officers were working with the organisation to identify a suitable person. The Chair said it was important to have three employer representatives.

12/18 **Future Governance Arrangements**

Mr Kal Shoker informed the Pension Board of the potential change in governance arrangements from the West Midlands Fire and Rescue Authority to the West Midlands Combined Authority (WMCA). Currently the Scheme Manager is the Audit and Risk Committee and it is not clear, at the present time, who will take on this function in the WMCA.

WMCA currently have an Audit Committee and possibly a Mayoral Fire Committee with responsibility for Fire if the Order to transfer is made law.

The Adviser stated that this matter is linked to the Scheme of Delegations. The Scheme Regulations state that the Scheme Manager will be the responsible authority. If the WMCA becomes the responsible Authority they will become the Employer and Scheme Manager and could delegate this role to a Committee or an Officer.

As an example when Manchester Fire and Rescue Authority had moved to Greater Manchester Combined Authority, the Head of HR had been appointed as the Scheme Manager.

The Chair confirmed that there would still be a requirement for a Pension Board and this change would not have any impact on employee representatives, but may affect employer representatives.

The Advisor stated that this was important as he would need to know who should be asked about discretions when the possible transfer happened on 1 April 2019.

It was noted that this issue was being discussed as part of the Transfer of Governance project plan.

Item 3
It was agreed that the Board would inform the Scheme Manager of this fact and make a recommendation as to where the role should sit. The Chair would inform the Audit and Risk Committee when presenting the minutes of the Pension Board.

13/18 **Training/Pension Board Skills Audit**

The Pension Board had undertaken a skills Audit, however, had decided to undertake the exercise again to include the new members of the Pensions Board. The outcome of the Audit would dictate any future requirements. The Clerk would collate the results and provide them to the Board at the next meeting.

14/18 **Update on Topical, Legal and Regulatory Issues**

Transitional regulatory appeal. No other regulatory
Home office consultation

Nominations and an amendment regarding split pension
Legislation has been issued

IDRP Appeal

At the Appointments, Standards and Appeals Committee, Members had asked if it was appropriate for an appellant to be at the Committee. They asked if the IDRP process needed to be reviewed.

The Adviser suggested Pension Board may want to look at this.

Wendy Browning Sampson stated that from memory Appeals Committee would have been with the claimant years ago.

However, the process had changed following some dialogue with Sandwell legal who had recommended there was no need for it to be so formal. The then Appeals Committee would conduct a paper review and make a decision on the paper review.

There were no legal requirements, providing information was provided.

The Adviser could see the logic behind the paper exercise.^{Item 3}

Currently, the Authority receives the complaint
Deputy Chief Fire Officer (DCFO) Reviews complaint and makes decision
Member can appeal DCFO decision stating the basis for their appeal.
Appointments, Standards and Appeals (ASA) Committee is called
The Adviser presents a management case and advises the Deputy Chief Officer.

The DCFO can attend to provide an overview of his decision but is not there to influence to Committee. The ASA are there to make a decision.

Members appeal don't agree with outcome.

The Board asked whether the DCFO should be there presenting overall case.

The Chair held no strong view on this matter.

Wendy Browning Sampson agreed to contact the Monitoring Officer to confirm that the previous advice given was appropriate.

Kal Shoker stated that the ASA should be acting in accordance with the regulations.

15/18 **Pension Board Activity Log 2016-18**

The Pension Board noted its Activity Log.

16/18 **Pension Board Work Programme 2018/19**

The Pension Board noted its Work Programme and the key dates would be updated.

17/18 **Home Office Consultation Response**

Item 3

The Pension Board noted the Home Office Consultation Response.

18/18 **Date of Next Meeting**

The date of the next meeting was confirmed as Tuesday, 4 December 2018 at 1500 hours.

The meeting closed at 1650 hours.

Contact Officer: Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

PENSIONS BOARD

Item 3

27 September 2018

ACTIONS

Action No.	Action
1.	Chair of SAB, Mr Malcolm Eastwood, and LGA Adviser, Mrs Clare Alcock to be invited to a future meeting of the Pension Board.
2.	A link to the Pension Regulator Guidance to be circulated to all Members of the Board.
3.	The Adviser to provide a break down of the gender of those opting out of the scheme.
4.	The Adviser to contact the Chair of the SAB for national statistics for opt outs.
5.	Data Quality Reporting Report to be prepared for December Pension Board and updated statistics.
6.	Adviser to review Bulletins and bring important items to the attention of the Board.
7.	All to Review SAB Survey and feed their thoughts into completing the Survey outside of meeting.
8.	Risk Register to be updated with Transitional Regulations and Risk Owners named to be added to the Register. All to view and provide feedback at next meeting.
9.	The Clerk to circulate the skills audit used by the Police to Pension Board members for completion. All members to complete the Skills Audit prior to the next meeting. The Chair to liaise with Julie Connor.
10.	Chair of Pension Board to inform the Scheme Manager of the risks associated with the change of Governance arrangements at the next Audit and Risk Committee.
11.	Wendy Browning Sampson agreed to contact the Monitoring Officer about the previous advice regarding IDRs.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY Item 4

PENSION BOARD

12 DECEMBER 2018

PENSION SECTION SUPPORTING INFORMATION

1. **WEST MIDLANDS FIRE SERVICE FIREFIGHTERS' PENSION
SCHEMES MEMBERSHIP AS AT 31 OCTOBER 2018**

Active Firefighters 1,405 (-10)
1992 Scheme members 249 (-25)
2006 Scheme members 9 (-1)
2015 scheme members 1,004 (-4)
Non-members 143 (+20)
Pensioners 2,153 (+7)
Dependants 395 (+1)

The figures in brackets indicate movement since 31 August 2018.

2. **ANNUAL ACTIVITY LEVELS**

2.1 During the last twelve months (01/11/2017 to 31/10/2018) the following levels of activity have been experienced:-

Age Related Retirements	61 (+9)
Ill Health Retirements	5 (+5)
Opt outs	26 (-3)
Other leavers	8 (+8)
New joiners	104 (+16)
Applications to transfer in/out	31 (-1)

The figures in brackets indicate movement since 31 August 2018.

- 2.2 The section has also processed the requests shown in the table below and achieved the levels of performance shown:

Item 4

Request type	Received	Average response time in days
Benefit Estimate	113 (-26)	35 (-3)
CETV for Divorce	27 (-2)	51 (-45)
General Information	91 (-25)	29 (-51)

Following a change to the SCAPE rate, the calculation of CETVs for divorce cases is on hold. An increase in response times may therefore be seen later in the year.

3. **INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**

No further cases have progressed to IDRP since the last Board Meeting. We believe that one case will be submitted to The Pension Regulator as indicated previously.

4. **OPT OUT LEVELS AND REASONS**

During the 6 months ending 31 October 2018, 17 members opted out of the Firefighters Pension schemes. Of those opting out 14 of these were male. The average age at opt out was 30 and the average length of service was 2 years 227 days. Of those choosing to opt out 7 did so within the first three months of joining the scheme.

The position regarding opt outs appears to be reasonably stable over the rolling twelve months. In an effort to provide further background to the reasons for opting out we issued an email survey to the 17 members concerned. Five responses were received and they provided the following information:

1. Opt out was down to affordability in all cases.
2. 4 members stated they received information before opting out, 1 did not.
3. None of the members opting out took financial advice.

4. 1 member indicated that they had alternative life cover or pension provision in place. The remainder stated they had no cover.

Paul Gwynn
Payroll and Pensions Manager

Item 4



FPS Bulletin 13 – October 2018

Welcome to the thirteenth (unlucky for some) issue 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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- [FPS benchmarking exercise - update](#)
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- [Ill-Health and Injury Determinations and role of IQMP](#)
- [October query log](#)

Other News and Updates

- [Budget 2018](#)
- [TPR Governance and Administration survey 2018](#)
- [TPO update](#)
- [LGA website revamped](#)

HMRC

- [HMRC newsletters/bulletins](#)
- [Contracting-out reconciliation update](#)
- [Reporting non-taxable death benefits](#)

Training

- [Pensions tax support - update](#)

[Legislation](#)

Item 5

[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](#).

South East regional FPOG	2 November 2018
Cost-effectiveness committee	12 November 2018
South West regional FPOG	15 November 2018
LGA Leadership Essentials Fire & Rescue (Elected members)	28-29 November 2018
Eastern regional FPOG	29 November 2018
SAB	5 December 2018
Firefighter Pensions Technical Community	12 February 2019
North East regional FPOG	19 February 2019
LGA Leadership Essentials Fire & Rescue (Elected members)	26-27 February 2019
LGA annual fire conference and exhibition	12-13 March 2019

FPS

FPS 2016 valuation - update

On 11 October 2018 the Home Office commissioned the Scheme Advisory Board (SAB) for advice under [Section 7 of the 2013 Act](#) and [regulation 4E](#) of the Firefighters' Pension Scheme (England) Regulations 2014, thereby initiating formal consultation, with a view to reaching agreement, under [regulation 150A](#) of the 2014 Regulations.

The SAB is well placed to engage in this consultation. The Board's [cost effectiveness committee](#), constructed from stakeholders across the sector and supported by the Board's independent actuarial advisor, is due to meet in early November to discuss options for rectifying the breach to the cost cap floor.

[Click here to return to Contents](#)

The consultation will run until 5 December 2018. If agreement cannot be reached at the end of the consultation, there will be a period of three months during which the Home Office will continue to engage with the SAB to attempt to agree a consensus position. If a consensus position is not reached within that three month period, the default position of an increase to the 2015 accrual rate will be applied.

GAD have advised that the indicative accrual rate will be 1/51.2 and based on this, the indicative employer contribution rate would be 30.2% (which includes the costs of ill-health retirements). HM Treasury have indicated that there will be additional funding available in the first year to cover most of the increase in the employer's cost; after this the additional cost will be considered alongside other funding pressures as part of the comprehensive spending review. However, the final employer contribution and accrual rate will not be known until the end of the formal consultation period between the SAB and the Home Office.

Board consultations and responses will be published [here](#) once they are available, and monthly updates will be provided in the bulletins.

Review of scheme factors

As readers will be aware, the change to the SCAPE discount rate means that certain GAD factors have to be reviewed. The Home Office have provided a letter detailing the changes which can be viewed at [Appendix 1](#).

New commutation factors are expected imminently and will be published on www.fpsregs.org as soon as they are available, with an email notification sent to all FPS stakeholders.



As was the case in 2016, transfer calculations will need to be put on hold until new actuarial factors are issued. All factors once available will be published on the [GAD Guidance](#) section of the website.

FPS benchmarking exercise - update

As detailed in [FPS Bulletin 12 – September 2018](#), a benchmarking review of administration service and costs within the FPS is being undertaken by Aon to address one of the SAB's key objectives in ensuring the cost-effectiveness and efficiency of the schemes.

The Bluelight team has been working closely with Aon and external stakeholders to finalise the survey questions for employers, administrators, and members. The employer and administrator surveys will be issued in Excel format to allow them to be saved during and after completion if input from various departments is needed. Subject to approval of the SAB's [administration and benchmarking committee](#), these surveys will be available during November.

The member survey will be web-based and follow at a later date. We hope to promote this using our network of contacts at FRAs.

Further updates on the progress of the project will be provided in the bulletins and we intend to set up a dedicated page on the FPS regulations and guidance website to hold notes of all meetings and any other related documentation. Please watch this space and take the opportunity to complete the surveys once they are ready for completion.

ABS survey – deadline extended

We were pleased to launch the [2018 ABS survey](#) in last month's edition of the bulletin.

Thank you to those that have already completed the survey; we have received replies from a good proportion of Authorities. The deadline for responses has been extended to **14 November 2018** to allow for any final submissions to be made.

The survey should be completed by FRAs, administrators, those involved with Local Pension Boards, and any other stakeholders with an interest in the ABS process. We welcome multiple replies from FRAs to enable us to build up a comprehensive picture of the current landscape.

III-Health and Injury Determinations and role of IQMP

We have recently been made aware of a pensions ombudsman adjudicator case, where the adjudicator found the FRA to have 'acted blindly' on their acceptance of an IQMP report. The adjudicator has instructed the Authority to appoint a new IQMP and reconsider the case.

While the rules determine that the opinion of the independent qualified medical practitioner is binding on the Fire Authority, they firstly determine that the Fire Authority is the ultimate decision maker. Therefore the Authority need to ensure processes are in place to question whether the decision has been made properly and the IQMP is in receipt of all the appropriate medical evidence. This is also consistent with employment law, under which it would be unreasonable/unfair to act on a flawed medical report.

Case law further supports the argument that the decision maker must not act blindly in accepting a medical opinion, and should ensure the IQMP reaches their opinion in a proper manner.

- [Court judgment](#) for the police scheme that the Police Authority is the ultimate decision maker not the Selected Medical Practitioner (SMP)
- [PO-9253](#) (para 32) demonstrates that decision makers have a responsibility when seeking and taking medical advice and should not just rely on it at face value.

In order to ensure that Fire Authorities have not ‘acted blindly’, they should ensure they do not simply accept the advice of the IQMP without going through the report, reading it to make sure it makes sense and then asking clarification questions if something is missing or the IQMP does not appear to have considered the right questions as per the requirements of the regulations. Item 5

This is not to say that the FRA should go against the IQMP decision, but rather they should satisfy themselves that they have asked pertinent questions and obtained all relevant medical evidence with a view to having a better understanding of the medical evidence and ensuring that the medical evidence addresses the requirements of the regulations.

Local Pension Boards should ensure that scheme managers have the appropriate processes in place.

Relevant Scheme Rules

1992 Scheme	H1
2006 Scheme	Part 8, rule 2
2015 Scheme	Part 12, chapter 1
Compensation Scheme	Part 6, rule 1, paragraph 2

October 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 October.

Other News and Updates

Budget 2018

On 29 October the [Budget 2018](#) was laid before the House of Commons by the Chancellor of the Exchequer, Philip Hammond, setting out the government’s plans for the economy and public finances.

Announcements relating to public service pensions schemes confirmed as expected the reduction of the SCAPE discount rate to 2.4% plus CPI, indicating an increased cost to employers of providing pensions in the long-term. The government further acknowledged that the provisional valuation results of all public service schemes indicate that an improvement to member benefits is needed from 2019-20.

While there were no major announcements in relation to pensions tax, it has been confirmed that Lifetime Allowance for 2019-20 will increase in line with CPI, to £1,055,000.

The government pledged support for pension savers by committing £5m extra funding for the Pension Dashboard, which will allow individuals to see all of their pension pots, including State Pension, in one place. The Budget report confirms that DWP will consult on the project later in the year.

TPR – Governance and Administration survey 2018

As always, the end of the year seems to be a popular time for gathering data, and TPR are shortly due to send out their annual Governance and Administration survey. The survey is really important to the Regulator as it helps them understand the issues that schemes are facing, in a way that is not possible within their day to day engagement activities. Last year, FPS achieved almost a 100% response rate across the UK, demonstrating the fantastic progress that has been made within the governance and administration of the schemes, and we would like your assistance in achieving a full return this year.

Our colleagues at TPR have confirmed that there have been some changes to the survey for 2018. While the survey continues to ask questions about the presence of key governance features, this year it will also be probing how well they operate. In particular, the Regulator will be looking at how well pension boards are working in practice. A new section on cyber-risks has also been introduced, which should allow parallels to be drawn between public service schemes and organisations in the private sector.

As in previous years, the survey is being run for TPR by OMB market research throughout November. We expect that initial contact emails will be sent to scheme managers, pension board chairs and scheme contacts during week commencing 29 October. This will allow schemes a little time to update any out of date details before the survey is sent. If you haven't already, please update any relevant details through the TPR Scheme Return which is currently out for completion.

The survey itself is due to be sent out to scheme managers in the week of 5 November. While the survey is web based, it can be printed off for discussion, and the closing date is the end of November. TPR expect to receive results early in February 2019 and will aim to publish these shortly thereafter.

A summary of last year's results can be found [here](#).

TPO update

Our colleagues at the Pensions Ombudsman (TPO) have provided an interesting and informative update on their FPS casework: currently 11 cases have been accepted for investigation by TPO, and eight are being investigated by the early resolution team.

The outstanding cases include three cases about protected pension ages. These are being delayed by a similar [determination](#) in the Police Pension Scheme which is subject to appeal.

Two other cases relate to individuals who missed the deadline to elect to become special members of the FPS 2006.

The options exercise for eligible individuals joining the Modified Scheme was set out in the 'special section' regulations of the 2006 Scheme. This sets out that the exercise closed on 30 September 2015 and, as such, no elections could be accepted after this date. The rules are definitive about this particular point and there is no intention for them to be amended. An update on this matter was provided in [FPS Bulletin 3 – November/ December 2017](#).

It was the responsibility of each FRA to ensure that they completed the options exercise by the closing date; informing all affected individuals of their entitlement to join and providing them with the opportunity to make an election to join, therefore neither the LGA, Home Office or the SAB intend to comment on what the position should be on rectifying the situation where an Authority have not used reasonable endeavours to satisfy their responsibilities.

The second awaited TPO determination on pensionable pay was published earlier this month under reference [PO-14863](#). This will allow the SAB to progress guidance with the Board's legal adviser. Any guidance issued will be a general set of principles that are based on case law and scheme rules; it will still be the responsibility of each Authority to determine locally which elements of pay are pensionable.

We would remind Authorities of the position taken by the Home Office that it is not for the regulations to determine whether pay for different duty systems is pensionable; the regulations and case law set out the criteria and it is for each FRA to consider whether their duty systems fit this criteria and make the judgment as to whether pay is pensionable. If having considered all the information available to them, they feel they are unable to make a decision, then they should consider taking legal advice.

The following [presentation](#) given by the SAB's legal adviser at the AGM in September gives an update on case law, general principles, and the practical implications to consider.

LGA website revamped

The LGA Pensions team has been collaborating on a new suite of pages to promote our work across public service schemes, including the Local Government Pension Scheme (LGPS) and Teachers Pension Scheme, as well as the FPS. Information about the Police Pension Scheme will be added at a later date.

Many of the pages are publicly accessible and have been redesigned to be as user friendly and engaging as possible.

The pages can be accessed from the following central link <https://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-pensions>. If you have any feedback about the website or would like to find out more information about any of the schemes within our remit at the LGA, please email bluelight.pensions@local.gov.uk in the first instance.

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletter 104 containing important updates and guidance on pension schemes. The following issues are covered:-

[Pension schemes newsletter 104 – 31 October 2018](#): Autumn Budget 2018 | Pension flexibility statistics | Registration statistics | Manage and Register Pension Schemes service | Reporting of non-taxable death benefits | Relief at source | Non-statutory clearances | Applications to register a pension scheme | Transfers between registered pension schemes | Reporting overseas transfer charges | Master trusts | Operating PAYE on pension payments |

Contracting-out reconciliation update

Thank you for your ongoing work with HMRC to reconcile the Guaranteed Minimum Pension (GMP) data that you hold on your scheme members that have reached State Pension Age since 2009.

FRA should now have concluded or be in the final stages of reconciling their GMP data. HMRC has now confirmed a deadline of 31 October 2018 for submitting data after which there will be no further opportunity to raise queries direct with HMRC. If this presents any difficulty for your FRA you should raise this with your HMRC contact as a matter of urgency.

We understand that considerable progress has been made over the last few months, but that there may be a large amount of data still to submit. As FRAs may be aware, we made a request for information in [FPS Bulletin 9 – June 2018](#) for details on the progress made on the GMP reconciliation in order to inform HMT conversations with HMRC on completion of the reconciliation and deadlines. Unfortunately we only received a disappointing 16 responses from FRAs out of the 50 FRAs including NIFRS, Scotland and Wales.

The Pensions Administration Standards Association (PASA) has this month issued guidance on resolving stalemate cases with HMRC. The guidance is available at [Appendix 2](#).

Please note that the Home Office has now agreed that any confirmed overpayments identified as part of the HMRC reconciliation process should be written off with no attempt to recover the overpayment from the individual scheme members. FRAs are advised to correct these pension payments going forward as soon as is reasonably possible to avoid any possible unauthorised payment tax charges. To ensure that such tax charges are avoided we recommended that FRAs have a robust process in place to correct any affected pensions immediately once they have been identified. It is worth bearing in mind that any additional tax charges incurred cannot be paid from a FRA's pension account and will have to be paid from operational accounts. Please note it is the responsibility of each FRA to inform each affected scheme member accordingly.

The Home Office has also agreed that any confirmed pension underpayments that have been identified as part of the GMP reconciliation process should be corrected going forward as soon as is reasonably possible. FRAs should reimburse affected members for any past underpayments in their GMP entitlement. While it is not expected that interest will be included with any reimbursed pension, should a FRA decide to include interest this will need to be paid from operational accounts. Again, it is the responsibility of each FRA to inform each affected scheme member accordingly.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure the correct action is taken for your FRA.

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

[Countdown bulletin 37](#)

Updates include:

- financial reconciliation
- import amendment to phase 7 rerun plan
- HMRC banking details
- data quality
- contribution adjustment action as a result of scheme reconciliation

Please see below an addendum to Countdown Bulletin 37, recently received from HMRC:

Subject: Urgent Amendment to Count Down Bulletin 37 Contribution Adjustment **Item 5**

In the October Count Down Bulletin 37 we included an article titled ‘Contributions Adjustment Action As A Result of Scheme Reconciliation’. This advised PSAs on the action needed to adjust Contributions from A to D and vice versa.

*As part of the information required in the Trustees Approval letter we incorrectly said that a list of members that the adjustment applies to should be included, this was incorrect all that is required is the **number** of members the adjustment applies to, this number must match the file and the exact file name must be shown.*

Apologies for any confusion this has caused.

Reporting non-taxable death benefits

HMRC have confirmed that the Real Time Information (RTI) online service has been updated to prevent P6 coding notices being incorrectly issued to beneficiaries in receipt of pension lump sum death benefits that are entirely non-taxable, with apologies for the time taken to resolve this.

Reporting of non-taxable pension lump sum death benefit payments can now resume through RTI. For 2018 to 2019 you can find guidance on how to report these payments in part 2.2.7 of the [2018 to 2019: Employer further guide to PAYE and National Insurance contributions](#).

While HMRC appreciate that it may take time for you to amend your processes to report these payments again, but want to encourage you to start reporting these as soon as you’re able to.

Training

Pensions tax support – update

Thank you to those authorities that have completed the pensions tax support pro-forma that was included as an appendix to [FPS Bulletin 12 – September 2018](#). We will consider the responses in our procurement of any additional training and support, and updates will be provided via future bulletins.

We are happy to accept further responses using the [pro-forma](#), which can be completed and returned to bluelight.pensions@local.gov.uk.

Legislation

SI	Reference Title
2018/1102	The Occupational Pension Schemes (Cross-border Activities) (Amendment) Regulations 2018
2018/1103	The Occupational Pension Schemes (Governance) (Amendment) Regulations 2018

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](#)

Item 5

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FPS Bulletin 14 – November 2018

Welcome to the fourteenth issue 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](#).

SAB	5 December 2018
LPB effectiveness committee	23 January 2019
Administration & benchmarking committee	7 February 2019
Firefighter Pensions Technical Community	12 February 2019
North East regional FPOG	19 February 2019
LGA Leadership Essentials Fire & Rescue (Elected members)	26-27 February 2019
LGA annual fire conference and exhibition	12-13 March 2019
SAB	14 March 2019
SAB	13 June 2019
Firefighters' Pensions AGM	24-25 September 2019 (provisional)
SAB	10 October 2019
SAB	12 December 2019

FPS

FPS 2016 valuation – update

Following the initiation of formal consultation between the Home Office and the Scheme Advisory Board (SAB) under [regulation 150A](#) on 11 October 2018, the Board and its [cost-effectiveness committee](#) have met to discuss options for rectifying the breach to the cost cap floor. The draft results of the 2016 valuation show that the employer cost cap set at 16.8%¹ has fallen to 11.6%.

¹ [150A(1) <http://www.legislation.gov.uk/ukxi/2015/465/regulation/5/made>]

The cost committee comprises representatives from FRAs working within finance and HR, the technical group chair representing administrators, and representatives from local pension boards. The Board itself is made up of both scheme employer and scheme member representatives (including all trade union bodies operating as representatives of their wider membership), and is supported by First Actuarial offering independent actuarial advice. The SAB have to provide their response to the Home Office for consideration on 5 December.

The Home Office then have ten days to provide an alternative option if the SAB's proposed option is not accepted. If agreement cannot be reached following this, there will be a period of three months during which the Home Office will continue to engage with the SAB to attempt to agree a consensus position.

If a consensus position is not reached within that three month period, the default mechanism is to amend the accrual rate for FPS 2015. GAD have advised that the default accrual rate would be 1/51.2 in order to fully rectify the breach.

Board consultations and responses will be published [here](#) once they are available, and monthly updates will be provided in the bulletins.

FPS benchmarking exercise – update

Following an extended period of stakeholder engagement, we were pleased to issue the final versions of the administrator and employer (scheme manager) surveys by email on 23 November, for completion with a deadline of 31 December.

The surveys were sent by email to our main contacts at administrators and FRAs. If you were expecting to receive a copy and have not, please contact claire.hey@local.gov.uk.

Aon have been commissioned to undertake the review by the Scheme Advisory Board (SAB), to help them establish a measure of the cost and effectiveness of administration and management within the schemes. An update from Aon can be viewed at [Appendix 1](#).

More information about the project can be found [here](#) and further updates will be provided in the bulletin each month.

Scheme Advisory Board levy

On 31 October we emailed all Fire Authorities with details of the 2018/2019 levy, requesting a valid purchase order for the invoice by 30 November 2018. For English Fire Authorities this was set as £7.69 per firefighter defrayed to scheme managers as per the terms of the 2014 regulations. The letter is available at [Appendix 2](#).

Many thanks to all those who have responded with a valid purchase order. To date we have received **24** responses out of an expected 49, so will be writing to those yet to provide a valid purchase order during the next month.

Pensionable pay update

As we reported in [FPS bulletin 13 – October 2018](#), TPO have now published decision [PO-14863](#) on pensionable pay in respect of the Welsh Firefighter schemes that will be of interest to English Fire Authorities. We will be asking the SAB legal adviser to consider giving guidance on what this means for all Fire Authorities

The case considers a number of different pensionable pay elements across the pension schemes which can be summarised below:

Item 6

Pensionable Element	Scheme	TPO decision - Relevant paragraphs	TPO judgment
Training Allowance	1992	45-49	Pensionable
Day Crewing	2007* & 2015	50-69	Not pensionable
Self-Rostered Crewing	2007* & 2015	70-71	Not pensionable
USAR	2007* & 2015	72-78	Pensionable

*2006 Scheme in England

Please note the issues in pensionable pay cases are finely balanced and often depend on the exact detail and nature of the payments. You should read the judgment with this in mind and obtain legal advice before making any pensionable pay decisions for your Fire Authority. It is possible that TPO decision will be appealed.

SI 2018/997 member disclosure

Under regulation 8 part 1 of Schedule 2 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, schemes must inform members of any material change to basic scheme information within three months.

Authorities will be aware of the recent changes to the FPS following the introduction of The Police and Firefighters' Pension (Amendment) Regulations 2018 which were made on 13 September 2018 and came into force on 8 October 2018 ([SI 2018/997](#)).

To assist FRAs in communicating these changes to scheme members, Shropshire Pension Fund on behalf of the Fire Communications Working Group (FCWG) have produced a [leaflet](#) containing sample text which can be copied and used as required. **Please ensure that this information is provided to members by 8 January 2019.**

A favour to ask...

As you will be aware published Pension Ombudsman (TPO) [decisions](#) are available on our [website](#) ordered by scheme. However, informal adjudicator decisions are not published by TPO. We would like to ask whether schemes would be prepared to share informal adjudicator decisions so that we can publish anonymised case studies, similar to the 'Ill-Health and Injury Determinations and role of IQMP' case study given in [FPS bulletin 13 - October 2018](#).

Within the bulletin, we commented on a recent case where an FRA had been found to be 'acting blindly' in the case of accepting an IQMP opinion, and provided some examples of case-law where this had been determined. This is further confirmed by the following TPO determinations: [PO-13645](#), [PO-19182](#) and [PO-19842](#). In all these cases it is the decision making process itself which has been found to be flawed, not the actual medical decision. Appeals on medical issues should be directed to Health Management Ltd (HML).

November 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 November.

Website resource update – ill health

While the FCWG continue to undertake a review of ill health and injury award certificates and guidance, we have collated all existing resources into a new page in the member-restricted area of www.fpsregs.org. If you require a log-in for the site, please contact bluelight.pensions@local.gov.uk.

The [ill health and injury page](#) contains 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. Note, however, 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.

Other News and Updates

TPR scheme return 2018

We have been made aware that some FRAs may not yet have completed their annual scheme return to TPR. While we are aware that some delay may have been caused by the new requirement to provide common and scheme specific data scores, we would like to remind scheme managers that submission of the return is mandatory and any schemes that have not yet submitted will now have been moved to the first stage of enforcement – chasers and reminders.

In 2017 a £1,000 fine was issued against the London Borough of Barnet scheme manager for failing to submit its 2016 scheme return:

- TPR issued a scheme return notice to the scheme manager on 9 July 2016, requesting the scheme return be submitted by 12 August.
- The return was not received and further communications from TPR not replied to.
- The matter was referred to TPR's Determinations Panel on 24 February 2017.
- The penalty notice was issued to the scheme manager on 13 April and paid on 9 June.

The £1,000 fine took into account both the size of scheme (23,000 members) and governance and administration being a priority for TPR.

Find out more about the scheme return process [here](#).

TPR Governance and Administration survey 2018

On behalf of Malcolm Eastwood, chair of the Scheme Advisory Board, we would encourage any FRA who has not yet completed or submitted the TPR governance and administration survey to do so as soon as possible. The survey has been sent by email to each FRA's registered Scheme Manager contact with a closing date of 30 November 2018.

If you are experiencing any difficulty in locating the survey, please contact bluelight.pensions@local.gov.uk for clarification of the email address it has been sent to. We can arrange for the link to be resent if necessary.

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TPR have reported that completed responses have been received from 17 Fire schemes up to 23 November, with 15 schemes yet to open the survey.

Updated TPR resources

TPR, in conjunction with the FCA, have launched a new ScamSmart TV advertising campaign to raise awareness of pension fraud and the most common tactics used by scammers.

As part of the ScamSmart campaign a [new customer leaflet](#) and other communication materials have been introduced. The new leaflet replaces the scorpion leaflet with immediate effect and, as before, should be included with transfer packs and is suitable to accompany annual benefit statements.

TPR have also recently issued [updated guidance on Annual Benefit Statements](#). The new guidance includes some examples of good and bad practice from the 2017 ABS run on a no-names basis and should be of interest and use to scheme managers and pension boards. Some of the points made have application beyond their specific reference to ABS too, reflecting more general issues within scheme operations.

These and other resources can be found on TPR's [new website](#) which was launched on 12 November to give more than three million yearly visitors a clearer and simpler experience. The new site is a key part of TPR's redesigned branding which highlights how the organisation is changing its approach to become clearer, quicker and tougher.

Authorities may wish to check their communications to make sure that any links to the old TPR website still work, or update where necessary.

High Court ruling on GMP equalisation

On 26 October 2018, Mr Justice Morgan handed down [judgment](#) in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC, HBOS PLC, Angela Sharp, Judith Cain, Susan Dixon, Secretary of State for Work and Pensions and HMT. The High Court has held that schemes must equalise the discriminatory effects of GMPs and that this can be achieved using several methods.

We are aware that concern has been raised as to the impact to Public Service Pension Schemes. HMT have confirmed that this judgement *"does not impact on the current method used to achieve equalisation and indexation in public service pension schemes"*. For more information concerning the current method of equalisation of Public Service Pension Schemes, please consult the outcome to the Government consultation [on indexation and equalisation of GMP in public service pension schemes](#) published on 22 January 2018.

Civil partnerships to be extended to opposite sex couples

At the Conservative Party Conference, Prime Minister Theresa May announced that heterosexual couples will be able to enter into civil partnerships. The move follows a [decision](#) of the Supreme Court [UKSC 2017/0060] on 27 June 2018 that the existing law around civil partnerships was incompatible with the European Convention on Human Rights as it only permitted civil partnerships between same-sex couples.

HMRC

HMRC newsletters/bulletins

Item 6

HMRC have published pension schemes newsletter 105 containing important updates and guidance on pension schemes. The following issues are covered:-

[Pension schemes newsletter 105 – 23 November 2018](#): Double taxation – bulk requests for certificates of residence| Relief at source pension schemes newsletter| Overseas transfer charge - draft regulations| Manage and Register Pension Schemes service newsletter | Reporting of non-taxable death benefits | Joint article from HMRC and The Pensions Regulator |

Contracting-out reconciliation update

As you will be aware the deadline for automated queries with HMRC was 31 October 2018, with the deadline for the full exercise to be completed by the end of the year. HMT are meeting with public sector schemes to understand what if any further steps need to be taken to bring this exercise to a successful conclusion, and have asked us to provide some information with regards to the Firefighters' Pension Scheme.

Please can administrators provide us with a return for each FRA, setting out the number of cases reconciled and the number outstanding. It would also be helpful if you could include an estimate of how long you would expect is needed to reconcile the outstanding cases a) with further HMRC support and b) without such help. Reflecting past experience, can schemes also advise how many cases it might not be possible to reconcile under either scenario. If schemes are unable to provide this information, we would welcome an assessment of why it is not possible.

The following bulletins, containing important guidance and information about the end of contracting-out and the scheme reconciliation process, were published by HMRC in November.

[Countdown bulletin 38](#)

Updates include:

- Scheme Reconciliation Service (SRS) stalemate queries
- phase 7 automated rerun plan
- scheme financial reconciliation
- contribution adjustment action
- requests for SRS data
- scheme cessation

Of particular interest is the article on stalemate queries. The article sets out three scenarios and confirms that HMRC will accept stalemate queries (based on their three scenarios) up to 31 December 2018. Thereafter, various processes may be followed depending upon the outcome.

[Countdown bulletin 39](#)

Updates include:

- Scheme Financial Reconciliation
- scheme cessation
- scheme reconciliation service
- Contributions Equivalent Premiums notified by automated responses

In [FPS bulletin 13 - October 2018](#) we included an addendum to [Countdown Bulletin 37](#) from HMRC regarding contribution adjustment. HMRC have subsequently provided further clarification on this issue:

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Important Note

The recent updates around 'A to D' and 'D to A' cases were only to clarify what is required in terms in Trustee Approval. There is no change to the circumstances in which these cases should be submitted i.e. a scheme must be confident that their records are correct and indicate that one of their employers has deducted the wrong rate of contributions. HMRC will therefore have to have provided employer details and contribution category letters according to their records for schemes to confirm this. Schemes also need to carefully consider the impact on the individual and the employer when requesting contribution adjustment.

Here is a further update

The clerical deadline of 31st October for A-D D-A cases still stands, however, the business will give the schemes up to 4 weeks after submission of those cases to obtain that trustee approval.

If no trustee approval is received within that timeframe, the cases will at that point be rejected.

In respect of multi SCOns then we'll accept these on one letter as long as the letter is specific with fire names and numbers.

On submission the files should be clearly noted by the PSAs as "contribution adjustment cases"

Events

A view from Torquay

This month saw the popular pensions managers conference for LGPS in Torquay, so what can Fire learn from LGPS?



As you might expect the focus was on many of the same areas affecting Firefighter Pensions: increasing scheme complexity and the challenges facing administrators; what to expect from this year's TPR survey and their focus for next year; measuring and cleansing Data; an engaging session on how TPO are modernising the way they work followed by a topical look at ill-health processes from Eversheds Sutherland; the importance of member communications and ways to engage members in their pensions, and of course a topic facing all public sector schemes, the outcome of the 2016 valuations.

The Bluelight team came away with copious notes and plenty of ideas for next year's seminars and conferences so watch this space!

Legislation

SI	Reference Title	Item 6
2018/1217	The State Pension Revaluation for Transitional Pensions Order 2018	
2018/1218	The Occupational Pensions (Revaluation) Order 2018	
2018/1219	The State Pension Debits and Credits (Revaluation) Order 2018	

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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RISK REGISTER

DECEMBER 2018

Identify the Risk	How To Respond? System in Place to Deal with the Consequence	Monitor Effective Measure	Assess the Likelihood	Risk Rating	Risk Owner
Computer system failure at payroll compliance date.	Pay the previous month Pension from the file id with adjustments for death or part period payments. If notification that system will not be available or when upgrade is going through at compliance date. Trial pay run can be used as actual if testing fails.	BACS transmission reports	Low	High	Payroll & Pensions Manager
Failure to process BACS	Internal process for ensuring that BACS has been sent.	Payroll Practitioner operates process	Low	High	Payroll & Pensions Manager
Payment made to ineligible pensioner.	Annual Certificate of identity process in place.	Payroll & Pensions Manager	Low	Low	Payroll & Pensions Manager
Fraud in Payroll office.	Reconciliation with report from payroll system and Excel spreadsheet balance each month	Reconciliation completed by Senior Payroll Officer. Balances done monthly. Payroll processes i.e. starters and leavers double checked monthly payroll signed off each month by Senior Payroll officer.	Low	High	Payroll & Pensions Manager
Insufficient resource to enable	Structure and staffing of function under ongoing review	Reports to Pension Board indicate effectiveness of function	Med	Low	Payroll & Pensions Manager

function to meet requirements of Pension Regulator.					
Failure to produce Annual Benefit Statement	Report to TPR. Keep scheme members and pension board informed of issue.	Reports to Pension Board indicate effectiveness of function	Medium	High	Payroll & Pensions Manager
Successful legal challenge by FBU to Transitional Regulations	Pension and Payroll section will need to undertake work to amend pension contributions for members depending on final agreed resolution	Reports to Pension Board. Potential emergency Pension Board meeting to confirm action to be taken.	Low	High	Payroll & Pensions Manager
Failure to complete reconciliation of GMP records to HMRC	Ensure appropriate level of resource deployed.	Monitor via Pension Board reports and normal management reporting	Medium	Medium	Payroll & Pensions Manager

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Pension Board Activity Log 2016/18

Date	Activity	Undertaken by	Action Completed
2016			
August 2016	Breach of Pension Regulations	Paul Gwynn	Urgent Pension Board
September 2016	Regional Pension Board Training (H&W)	Kal Shoker Andy Dennis	
October 2016	Attendance at Annual Pension Conference, London	Paul Gwynn Kal Shoker	Report to Pension Board 6 Feb 2017
25 October 2016	Extraordinary Meeting of the Pension Board re failure to issue Annual Benefit Statement in time	Pension Board	See Minutes of Audit Committee 14/11/16
14 November 2016	Report to Audit Committee on Breach of Regulations	Pension Board	See Minutes of Audit Committee 14/11/16
December 2016	The Pension Regulator – Publishing Scheme Information	Pension Board February 2017	
21 December 2016	Firefighters (England) Scheme Advisory Board Chairs Update The Pension Regulator - Public Service Governance Survey 2016	Circulated to all Members Completed by Adviser	

[IL0: UNCLASSIFIED]

2017

6 February 2017	Pension Board Meeting	Pension Board	
9 May 2017	Pension Board Meeting Review of progress towards production of Annual Benefit Statement to meet the deadline	Pension Board	
20 July 2017	Pension Board Meeting	Pension Board	
July/August 2017	Receipt of FPS Bulletin 1	Pension Board	
September 2017	Completion of The Pension Regulator Public Service Governance Survey	Kal Shoker/Paul Gwynn	
September/ October 2017	Receipt of FPS Bulletin 2	Pension Board	
9 October 2017	Attendance at Pensions Conference	Paul Gwynn	
November/ December 2017	Receipt of FPS Bulletin 3	Pension Board	

2018

January	Receipt of FPS Bulletin 4	Pension Board	
8 January	Attendance at Pension Tax Awareness Training	Cllr T Singh	Cllr Singh attended
January	Skills Audit	Pension Board	Forms completed
February	Publication of Survey of FRA Local Pension Boards 2017		
February	Receipt of FPS Bulletin 5	Pension Board	
March	Receipt of FPS Bulletin 6		
March	FP half-day seminar Meeting GDPR and TPR		
April	Receipt of FPS Bulletin 7		

May	Fire and Police Local Pension Board Governance with NPCC event – London review pre publication of the outputs from the TPR Governance and Administration Survey		
May	Receipt of FPS Bulletin 8		
May/June	Recruitment of Members of Pensions Board	PSS	Completed
June	FPS Annual Local Pension Board wrap-up Training Event	Wendy Browning Sampson	Completed
June 2018	Issue of FPS Bulletin 9		
April/May	Preparation of Annual Report		Not Prepared
16 July	Pension Board	Pension Board	Postponed
July	Issue of FPS Bulletin 10		
17/18 September	Annual Pensions Conference		
August	Issue of FPS Bulletin 11	Pensions Board	
September	HMT Announcement – FPS Valuation 2016		
27 September	Pension Board	Pension Board	
September	Issue of FPS Bulletin 12	Pensions Board	
October	Issue of FPA Bulletin 13	Pensions Board	
November	ABS Survey ?	Pensions Board	
November	TPR Governance and Administration Survey		
12 December	Pension Board Meeting		
	Completion of Skills Audit	Pensions Board	
	Training from LGA Pension Advisers	Pensions Board	

Item 8

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Pension Board WORK PROGRAMME 2018/19

Date of Meeting	Item	Responsible Officer	Completed
	2018/19		
27 September 2019 – 1500	Minutes of the Pension Board held on 20 July 2017 Amended Terms of Reference as approved by the Audit Committee and Authority AGM 2018 Pension Section Supporting Information Scheme Advisory Board – Survey Results 2017 Bulletins 1 – 11 Public Service Governance and Administration Survey 2017 Annual Pensions Conference 2018 HM Treasury Announcement – FPS Valuation 2016 Risk Register Update Recruitment Process for New Members Employer Representative Request from the Appointment, Standards and Appeals Committee Update on Topical, Legal and Regulatory Issues Training Pensions Board Skills Audit Activity Log 2017/18 Pension Board Work Programme 2017/18	Democratic Officer Employer Rep. Pension Advisor Employer Rep Pension Board Employer Rep/ Pension Advisor Chair/Advisor Advisor Employer Rep. Chair/ Board Chair Pension Advisor Employer Rep. Pension Board Pension Board Democratic Officer	

[ILO: UNCLASSIFIED]

12 November 2018 - 1030	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
19 November 2018	Deadline for receipt of Pensions Board Reports		
12 December 2018 - 1500 hours	Pensions Board Minutes of the Pension Board held on 27 September 2018 Pension Board Supporting Information Scheme Advisory Board Bulletin 13 The TPR Governance and Administration Survey 2018 Recruitment Process for New members Risk Register as at December 2018 Pensions Board Work Programme Pensions Board Activity Log 2016- 2018 Skills Grid Training – LGA Advisers		
14 January 2019 – 1230	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
11 February 2019	Deadline for receipt of Pensions Board Reports		
4 March 2019 – 1400	Pensions Board Minutes of the Pension Board held on 4 December 2018 Consideration of Annual Report of Pension Board Attendance of Chair of SAB Standing Items Deadline for Audit and Risk Committee		

25 March 2019 – 1030	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
14 May 2019	Deadline for Pensions Board Reports		
6 June 2019 - 1400	(Date to be amended 3/4/5 June) Pension Board Minutes of the Pension Board held on 4 March 2018 Pension Board Annual Report Standing Items		
1 July 2019	Deadline for Audit and Risk Committee		
22 July 2019	Audit and Risk Committee Presentation of Pension Board Annual Report	Chair to Present Minutes and Annual Report of Pension Board	

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