Fire Bulletins:

The Pensions Board has adopted a procedure to ensure that any FPS Bulletins released by LGA are reviewed and any necessary actions are noted and tracked through to completion.

Bulletin's 47, 48, 49 (Annex 2) have been published since the last Board meeting.

- In Bulletin 47, it highlighted that the HM Treasury introduced the Public Service Pensions & Judicial Offices Bill (PSP&JO) to the House of Lords. The PSP&JO Bill sets out how the Government will remove the discrimination identified in the way that the 2015 reforms were introduced for some members (i.e., remedy). This is the primary legislation which closes final salary schemes for accrual past 31 March 2022 and moves all remaining members into FPS 2015, while ensuring that existing transitional protections such as the final salary link and double accrual are retained. In Bulletin 48, it was confirmed that the guidance for the PSP&JO Bill has been published which features a detailed summary as to the means to remove the discrimination identified in the McCloud/Sergeant case and what it means for affected members. An update on the bill can be found here. An update was provided in Bulletin 49, that the Public Service Pensions and Judicial Offices Bill received a Second Reading on 7 September 2021 and will move to the first sitting of the Committee Stage on 11 October 2021.

- Bulletin 47 refers to the TRP 2020-21 Governance and Administration survey whereby three quarters (74 per cent) of Firefighters' schemes who responded to the survey had all six processes in place. The Scheme Manager at Surrey reported that the six processes were:
    - Documented policy to manage board members conflicts of interest
    - Access to knowledge, understanding and skills needed to properly run the scheme
    - Documented procedures for assessing and managing risks
    - Process to monitor records for accuracy and completeness
    - Process for resolving contribution payment issues
    - Procedure to identify, assess and report breaches of the law 3.

These processes are in place in Surrey; however the Scheme Manager requested the support of the Board to review these processes to ensure they remained current. A further review needs to be undertaken by the Board Chairman and the Scheme Manager.

- Bulletin 48 informed readers the HM Treasury Trust had published two public consultations seeking views on proposals to reform the cost control mechanism in public service pension schemes, and secondly on the appropriate methodology for setting the discount rate used in scheme valuations. The Scheme Advisory Board submitted responded to both consultations and the responses can be found on the consultations page of the SAB website.

- Bulletin 48 drew attention to TPR publishing its interim responses to the code of practice consultation. TPR raised points and issues to support common expectations of schemes the use of the new term 'governing body', and the requirement for schemes to undertake an own risk assessment. The introduction of the term 'governing body' was TPR's response to create a term to describe the governance structure of all its schemes. Since the term was issued, there has been some negative feedback and TPR is going to examine this in more detail. The earliest time that the new code might become effective is summer 2022.

- In Bulletin 49, it details of a two pension award case study were shared. It confirmed that certain unique elements of the Firefighters' Pension Schemes continue to cause administrative complexities; entitlement to two pensions being one example that requires good communication and collaboration between an FRA and their administrator. One FRA has shared their experiences here from an initial query, identification and resolution of an issue, breach recording, and review of internal processes.

- Government suspends earnings part of 'the triple lock'. As a result, Basic and New State Pensions will increase in April 2022 by the higher of 2.5% of inflation. The earnings element was removed as this was estimated to be above 8% but this figure is somewhat distorted due to the pandemic.

- Bulletin 49 also highlighted the Government are still committed to implementing recommendations from the 2017 Automatic Enrolment review in the mid-2020s. Employers are reminded that despite the effects from the pandemic, they must not neglect these duties.

- Bulletin 49 drew attention to the response from the HM Treasury to the Committee's report on public service pensions. The committee made six conclusions alongside recommendations for each one. Within this, HMT will write to the committee with an update in six months on the work to implement the McCloud Judgment and to resolve the issues with the cost control mechanism.

- Bulletin 50 was released at the end of October and highlighted a Memorandum of Understanding was confirmed between the FBU and LGA. The MoU acts as a means to manage the immediate detriment cases from the McCloud/Sergeant case for the age discrimination judgement.

- It was also highlighted in the bulletin further resources have been added to the FPS member website in relation to the 2015 remedy and background to the McCloud/Sergeant ruling. These resources will assist the Service's pensions Team for clarification and further guidance.

- Bulletin 50 informed readers that the Home Office had published the workforce and pensions statistics for Fire and Rescue Services (England) on 21 October 2021. The statistics were from April 2020 to March 2021. Points of particular interest to the Service were:
  - The Firefighters' Pension Scheme deficit in 2020-21 was around £509 million; a two per cent decrease compared with the previous year (£521 million).
  - On 31 March 2021, the total number of pensioner members was 44,961. Of these, 90 per cent were members of FPS 1992.

- Bulletin 50 also highlighted there was a response on 4 October from the HM Treasury (HMT) consultation on cost control mechanism. The full response to the CCM consultation is available online. The response confirmed the government is proceeding with three proposed options for reform:
  - The cost control mechanism will adopt a reformed scheme only design – to remove any allowance for legacy schemes in the mechanism so it only considers past and future service in the reformed schemes.
  - The cost corridor will be widened from 2% to 3%.
  - An economic check will be introduced: linked to expected long-term GDP so that a breach of the mechanism (and therefore benefit changes) would only be implemented if it would still have occurred had long-term economic assumptions been considered.

It is of the Senior Pensions Advisor's view that the cost corridor widening further, to 4% for example, is unlikely as this wouldn't effectively control costs. Also, it would see a very low breach frequency. This will be something for the Service's Pensions Team to monitor, as when the valuations are carried out, this may in turn have an effect on the pension contribution rates.

- Bulletin 50 also advised that the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2021 at 3.1%. Following the postponement of the 2016 valuations, there is now sufficient certainty regarding the costs and this direction allows schemes to conclude their 2016 valuations. If schemes breached the cost ceiling, the government decided that any impact on member benefits would be waived, as the mechanism may not have been working as intended (hence the review of the cost control mechanism). The government also confirmed that any changes to employer contribution rates resulting from the 2020 valuations will be delayed to April 2024.

- The Bulletin also informed readers that the Pensions Ombudsman (TPO) had launched a new page called "how to avoid the Ombudsman". This contains links and tips around communicating with customers, how early resolution service from the Ombudsman may help, information around ill health pensions, unpaid contributions, and information regarding death benefits. The TPO also published advice as to how to communicate with pension scheme members which will be useful for the Service's Pensions Team to obtain information from and understand the root cause of disputes and complaints that the TPO receive.

- Bulletin 50 also highlighted HMRC has published the Pension Scheme Newsletter 134 which contained a number of updates. Additionally during the Autumn budget the government announced it will introduce legislation in 2022 to extend scheme pays reporting and payment deadlines for annual allowance charges. HMRC also provided an update on contracting-out reconciliation. HMRC intended to start the closure of the Scheme Cessation and Scheme Reconciliation eRooms from 1 September 2021. HMRC then delayed the closure until the end of November 2021 following feedback from some pension scheme administrators. It is not believed that this will affect the Service, as MERCER or XPS, will be carrying out on our behalf the GMP exercise.

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