



Surrey Local Firefighters' Pension Board 23 November 2023

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.

Bulletins 71, 72, 73 and 74 (Annex 1, 2, 3 and 4) have been published since the last Board meeting.

- Bulletin 71 reminded readers that the Home Office request for submission of pension income/expenditure forecasts for the period 2023-24 to 2028-29 was due by Friday 25 August 2023. The Pension Team liaised with the Finance Team to complete the returns and these have been submitted before the deadline via the online DELTA system.
- The Bulletin advised readers that the Home Office published the government's [formal response](#) to the consultation on the draft Firefighters Pensions (Remediable Service) Regulations 2023 on 19 July 2023. [The Firefighters' Pensions \(Remediable Service\) Regulations 2023](#) were subsequently laid in Parliament on 20 July 2023 and will come into effect from 1 October 2023. The Pension Team are working closely with XPS to ensure processes are in place ready for the implementation of the regulations on 1 October 2023.
- Bulletin 71 informed readers that The Government Actuary's Department (GAD) has been working on the McCloud remedy contributions calculator and draft inputs for the calculator are available for testing. GAD have advised that a full data specification will be available in due course.
- The Bulletin also confirmed the position with regards to the application of interest and tax relating to the age discrimination remedy as follows:
 - Interest paid is taxable or tax-free depending on whether the original payment was tax free.
 - If the interest on a tax-free amount plus the original tax-free amount exceeds statutory limits, the excess becomes taxable as an unauthorised payment.
 - Schemes will deduct tax at the member's marginal rate and pay them the net amount. Arrears of pension are always taxable under PAYE.

- Pension Schemes [newsletter 140](#) sets out the tax treatment of interest.
- Bulletin 71 highlighted the issue of Pension Scams. The LGA have become aware of 3rd party organisations contacting members of public service pension schemes, selling their help in claiming 2015 remedy benefits. The FPS website includes a pension scam warning to members on the [2015 remedy page](#). The Pension Team have also updated their [Pension Scams page](#) on the SharePoint site and added a piece to SFRS News to alert members.
- The Bulletin confirmed that the LGA have created [warm up letters](#) to assist in managing member expectations on the timetable of when each cohort will be written to as part of the remedy exercise. The letters are available on the on the Firefighters' Regulations and Guidance website. A remedy video is also in the process of development in conjunction with Aon and will be available ahead of October 2023. The SFRS Pension Team have prepared warm-up letters, and these were sent to affected members at the end of August 2023.
- The Bulletin notified readers that an error had come to light in the previous Treasury Revaluation Orders for 2021 and 2022. This affects schemes such as the 2015 Firefighters' Pension Scheme which use revaluation based on average weekly earnings growth. The result is that revaluation for affected members could be up to 0.6% lower than if the correct figures had been used. The Home Office is currently considering how this error will be corrected and implemented by pension administrators. Further updates will follow in due course.
- Bulletin 71 confirmed that the Scheme Advisory Board (SAB) wrote to Chief Fire Officers on 4 May 2023, to share the scope and cost of the GAD benefit calculator in relation to the Matthews Second Options exercise. This has been agreed and is currently being developed and tested. We are awaiting confirmation of when this calculator will be available for FRAs to use.
- The Bulletin informed readers that The Pensions Regulator (TPR) has updated its ['Failing to comply with dashboards duties' guidance](#). Although the timelines in guidance will not be mandatory, schemes will be expected to demonstrate how they have had regard to the guidance. Scheme managers must be able to demonstrate that they have adequate governance and processes in place for making decisions about connection and ensure that they have access to all the relevant information before making decisions and acting on them. The connection deadline, of 31 October 2026, has been confirmed in legislation. A staging timetable is planned to be included in the guidance section to confirm when schemes are scheduled to connect.
- Bulletin 71 confirmed that [The Pensions Dashboards \(Amendment\) Regulations 2023](#) were made on 19 July 2023 and will come into force on 9 August 2023. The Pensions Dashboards Programme (PDP) has also launched a [video](#) introducing the dashboards available point which is the date when pensions dashboards will be made available to the public.
- The Bulletin informed readers that HMRC published its Pension Schemes [Newsletter 151 - June 2023](#) on 30 June 2023 and [Newsletter 152 – July 2023](#) on 20 July 2023.

The newsletters included articles on the annual allowance calculator; the abolition of the Lifetime Allowance – payment of standalone lump sums; Legislation Day (L-Day) 2023; Pension flexibility statistics; and the purpose of a registered pension scheme.

- The Bulletin confirmed that HMRC launched their consultation to abolish the pensions lifetime allowance (LTA) on 18 July 2023. The consultation is part of a wider consultation on proposed clauses for the next Finance Bill This is designed to deliver the changes necessary to abolish the pensions lifetime allowance from the tax year 2024 to 2025 onwards, as announced at Spring Budget 2023. The SFRS Pensions Team are liaising with the LGA in consideration of responding to the consultation.
- Bulletin 71 advised readers of that Scheme Managers will need to register for the [Secure Exchange Data Service \(SDES\)](#) in relation to the Age discrimination remedy member tax calculator. This will allow HMRC to provide schemes with the relevant member information so that they can make any necessary refund/adjustments in benefits. The SFRS Pensions Team is liaising with XPS administration to ensure the Scheme Manager is registered and access is delegated accordingly.
- Bulletin 72 discussed the issue with regards to payment of benefits under the Age Discrimination legislation, where a Deferred Choice Remediabale Service Statement (DC-RSS) is not yet available. It is the LGA's view that it is not desirable to retire members into the legacy scheme without a choice, as this goes against the principles of remedy. A member should always have an informed choice where possible and [Regulation 8](#) should only be relied upon, to retire a member into the legacy scheme without a choice, in exceptional circumstances.
- The LGA have created a template covering letter explaining the purpose of the DC – RSS, to be used with two retirement quotes, one for the legacy scheme and one for the reformed scheme, along with the contribution adjustment information. This template covering letter has been published for administrators to use, on the [Age Discrimination Remedy – retrospective remedy pages](#) of the FPS website.
- Bulletin 72 informed readers that the Government Actuary's Department (GAD) [Remedy tax and contributions calculator specification](#) is now available on the Firefighters' Pensions regulations and guidance website. The SFRS team has been testing the calculator and ensuring all the relevant data is shared with XPS as needed.
- Bulletin 72 advised readers that The Pensions Regulator (TPR) has provided a summary of the Pensions Dashboard regulations on their [guidance](#) pages. TPR strongly advise scheme managers to continue preparing for dashboards, by engaging with those that support them with their dashboard duties. This includes continuing to assess the potential impact of these changes on their schemes, to agree a practical delivery plan and to continue getting to grips with members' data.
- The Bulletin confirmed that The Pension Regulator (TPR) – Scheme Return notice will be sent out from October 2023. The SFRS team are working with XPS administration to ensure that their scheme return contact details are up to date.

- Bulletin 72 advised that the Pensions Ombudsman (TPO) published a [member factsheet: Incorrect information](#), on 31 July 2023. The factsheet outlines what members should do if they have a complaint about receiving incorrect information.
- Bulletin 72 confirmed that the Pensions Administration Standards Association (PASA) published new [data guidance](#) on benefit accuracy for defined benefit schemes on 14 August 2023. They have previously issued guidance focused on [data quality](#) and they are building on this by now focusing on benefit accuracy.
- The Bulletin informed readers that The Money and Pensions Service (MaPS) published its [evidence review into pension scams](#) in the UK on 10 August 2023.

The key findings are:

- There remain significant challenges to estimate the scale of the problem.
- The types of scams and tactics are very similar to investment scams.
- The financial and emotional cost to individuals is high, going beyond financial loss and impacting on health and relationships.
- Once an individual has been targeted there is a high risk of retargeting.
- Government bodies, administrators and other organisations have at their disposal a range of touchpoints to provide strong protection against scams.

Scams are an ongoing issue in the Pensions Industry. The SFRS Pensions Information SharePoint site includes an information page on [Pension Scams](#) for members.

- Bulletin 72 informed readers that HMRC published their [August edition](#) of the Public Service Pensions Remedy Newsletter, on 18 August 2023. It confirmed that the [Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No.2\) Regulations 2023](#) has been laid, and will come into force on 14 September 2023. The newsletter covered changes included in the Regulations including annual allowance reporting for those impacted by the public service pensions remedy and changes consequential to the Finance (No2) Act 2023.
- Bulletin 73 advised readers that the Government published their [response](#) to the draft Firefighters' Pension Schemes (England) (Amendment) Order 2023 on 8 September 2023. This legislation provides further access to the modified pension scheme for retained firefighters and sets out the policy intent to implement this.
- [The Firefighters' Pension Schemes \(England\) \(Amendment\) Order 2023](#) was also laid. The regulations come into force from 1 October 2023. The SFRS Pension Team has been working to ensure all members in scope have been identified and procedures are in place in readiness for the Second Options exercise.

- The bulletin informed readers that the LGA have published template letters and guidance for FRAs and these are available on the regulations and guidance [website](#). FRAs are encouraged to use the material provided, to ensure consistency across the sector.
- The bulletin also advised that there may be some cases where an FRA needs to obtain pay and service details from another FRA, to allow them to give the individual their options. In these cases, a data sharing agreement is needed and the LGA has commissioned Eversheds to provide template wording to be added to an FRAs privacy notice.
- Bulletin 73 reminded scheme managers of their requirements under the [Regulation 8](#) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2015 to notify individuals of material alterations to basic scheme information within 3 months of the changes take place.

In terms of the Sargeant/age discrimination remedy, this requirement will be achieved when all eligible members have been sent a warm-up letter, (FPS Bulletin 71 and 72 above).

In terms of the Matthews/modified remedy, this requirement is achieved when FRAs send out the initial 'expression of interest' letter to those individuals who have been identified as being eligible under the second options exercise.

FRAs must ensure they comply with disclosure requirements by sending the appropriate letter to Sargeant and Matthews eligible members no later than 31 December 2023.

Further information regarding disclosure requirements is available on the regulations and guidance website [factsheet](#).

- Bulletin 73 confirmed that, on 12 September 2023, the Government Actuary's Department (GAD) released the Age Discrimination Remedy - Tax and Contribution Adjustment Calculator, user guide, data template and supporting administration process note. The material will be stored centrally on the member area of the FPS Regs and Guidance [website](#).

GAD have tested a diverse range of example members. However, they have not received any live member data for testing. As such there remains two risks:

- The calculator struggles to process very large datasets. This can be resolved by splitting data into separate groups.
- There are some complex cases which do not work as expected within the model

GAD strongly recommend users to check the results of the calculator for accuracy and appropriateness and report any issues directly back to GAD and the LGA: firepolicemcccloudtaxinterest@gad.gov.uk and bluelightpensions@local.gov.uk

- GADs understanding is that HMT will amend their Directions to line up to the NS&I interest rates. However, GAD are seeking confirmation, through the Home Office, of this. Therefore, it is recommended that no payments are issued until this has been confirmed.

The SFRS Pension Team is currently testing the GAD calculator against their data and any issues will be reported to GAD and the LGA.

- Bulletin 73 informed readers of the publication of [member remedy videos](#), that the LGA have produced in partnership with Aon. There is one video for retired members and one for active and deferred members.

A QR Code has been created to help direct individuals to the webpage and videos. The SFRS Pension Team have publicised this in SFRS News and added updated the Pensions SharePoint site.

- The Bulletin reminded FRAs that scheme regulations do not support aggregation of concurrent service. Therefore, for interbrigade transfers, it is important that both FRAs involved, agree a mutually acceptable transfer date which results in no break or overlap in service. Failure to do so could prevent members from combining their pension entitlement.

FRAs need to make employees aware of the pension implications, should an overlap of service occur when leaving and joining another FRA, even if only by a day.

- Bulletin 73 informed readers that [The Firefighters' Pensions \(Remediable Service\) \(Wales\) Regulations 2023](#) and [The Firefighters' Pensions \(Remediable Service\) \(Scotland\) Regulations 2023](#) have been laid and will come into force on 1 October 2023.

These Regulations implement the remedy to the reforms to the Welsh and Scottish Firefighters' Pension Schemes under the Public Service Pensions and Judicial Offices Act 2022 in respect of pensions for firefighters in Wales and Scotland.

- Bulletin 73 advised that the Home office announced, on 18 September 2023, that the contract for the Firefighters' Medical Appeals Board will be retained by Duradiamond Healthcare Limited, trading as Health Partners.

The framework documentation is currently being finalised and will be shared once all parties have signed up. The duration of the framework will be for an initial period of 3 years (up to 30 September 2026), with an option to extend for an additional 12 months.

- The Bulletin advised readers that The Pensions Regulator has published [guidance](#) on publishing annual benefit statements during 2023 to 2025. TPR are mindful of the challenges that FRAs and administrators may face whilst producing annual benefit statements and remediable service statements during 2023 to 2025 and have confirmed that they will take a risk-based, practical approach when reviewing, assessing, and responding to annual benefit statement breaches during this period.

- Bulletin 73 advised readers that The Pensions Regulator (TPR) has launched a new industry-facing [pension scams awareness campaign](#) focusing on Trustees and

Administrators, who are best placed to help protect savers from pension scams. By reporting their suspicions, they can defend their members' retirement from scammers.

- The Bulletin informed readers that HMRC published their September 2023 Managing Pension Schemes Service [newsletter](#). The newsletter covers the following topics:
 - Event reporting
 - Accounting for Tax (AFT) returns
 - Pension scheme return
 - Migrating your scheme
- Bulletin 74 advised readers that Eversheds Sutherland (International) LLP has been appointed to produce a data sharing agreement and additional privacy notice wording. These are available on the [FPS website](#) and are required for cases where the current FRA needs to obtain pay and service information from a previous FRA so they can provide an individual with their options under the Matthews Second Options exercise. SFRS are updating their privacy notice to include the additional wording.
- Bulletin 74 confirmed that a new GAD calculator page has been added to the restricted area of the FPS regulations website. GAD have also provided supporting documentation to help familiarise FRAs with the relevant inputs necessary for the calculator.

Examples of case types have also been added to assist FRAs in understanding which cases will be covered by which version of the calculator. This information will be used by the Pension Team to acknowledge and manage expectations on receipt of expression of interest forms.
- The bulletin informed readers of the requirement to maintain equity between the first and second options exercise and outlined procedures to follow if corrective action is needed due to data errors in the first options exercise. No corrective action is required by the SFRS Pension Team.
- Bulletin 74 confirmed that the government has provided regulations to support pay assumptions needed in the absence of pay data required to implement the Second Options exercise. The default assumption is that retained firefighters earn on average 25% of a whole-time regular firefighters' pay. However, it has been agreed that FRAs can determine the average pay rates from their own local experience or records, where this provides an assumption that the average retained pay is greater than 25% of a whole-time regular firefighter.

Historically the pay scales were based on age, length of service and whether the firefighter was deemed qualified. FRAs should be able to determine the appropriate pay scale using the individuals start date and date of birth as this will confirm both length of service and age. The only complication would be for individuals who are over age 19 and have more than 5 years' service, as pay scales for this cohort are based on whether they are qualified. In this circumstance, the LGA have advised that, in the absence of data, an average between the pay for a qualified and unqualified firefighter should apply.

A [Reference Pay Scales](#) spreadsheet, dating back to 1962, is available on the FPS guidance and regulations website.

- Bulletin 74 informed readers that ‘Contingent Decision guidance’ is now available in the [‘Age discrimination remedy’](#) section on the FPS regulations and guidance website. The guidance is intended to support a consistent national approach and sets out the approach a scheme manager should take when considering a Contingent Decision claim.

There are three categories of Contingent Decisions for which specific provisions have been made:

- I. **Opt-out:** A member would not have opted-out if they had been allowed to remain in the legacy scheme beyond their transition date or if protected members had been allowed to join the reformed scheme from 1 April 2015.
- II. **Transfers:** Members chose to transfer (in or out) and now wish to revisit the decision, or they chose not to transfer and now wish to do so.
- III. **Additional Service:** Members argue they would have purchased (more) additional service if they were in the alternative (legacy) scheme.

Currently, the guide only covers opt-outs and added pensions, details on transfers will follow in due course. There is also a [claim form](#) that members should use when submitting their claim. The SFRS Pension Team are liaising with XPS to mutually agree target dates before sharing the claim process with members.

- The bulletin reminded scheme managers of their responsibilities and duties in relation to [corrective payments](#) required as a result of the McCloud remedy. The [HMT Directions](#) set out the requirements under the [PSPJO Act 2022](#).
- Bulletin 74 reminded readers of an issue highlighted in respect of average weekly earnings in [FPS Bulletin 71](#). The Government intends to correct the position to align the Treasury Revaluation Orders for 2021 and 2022 with those of the previous years. This will result in an increase of 0.2% for 2021 and 0.4% for 2022. The SFRS pension team are liaising with XPS to ensure that the necessary administration changes are made, to correct the errors for affected members’ benefits, in advance of the regulatory changes being made
- The bulletin informed readers that pensions specialists, Isio are offering Firefighters’ Pension Scheme specific sessions aimed at upskilling those involved in running the Firefighters’ Pension Scheme, including those who support and govern them. The sessions start at the beginning of January with at least one session a week for 6 weeks thereafter. They will cover the McCloud/Sargeant age discrimination remedy, the Matthews Second Options exercise, and pensions tax for higher earners. More information is available on the [Isio website](#).
- Bulletin 74 advised readers that the Pensions Regulator (tPR) has published a blog titled [‘Why we are building relationships with pension administrators’](#) highlighting how they are using their supervision approach to build new relationships with pension administrators in view of the importance of “good administration”.

- The bulletin confirmed that a [Private Members Bill](#) has been granted Royal Assent to introduce powers to remove the lower earnings limit and to reduce the age for Auto Enrolment. The Department for Work and Pensions (DWP) will launch a consultation on implementing the new measures in due course.
- Bulletin 74 confirmed that HMRC have prepared a member tax adjustment calculator designed for members to correct their tax position if they have been affected by the age discrimination remedy.

The calculator will:

- work out any repayments that are due for a lifetime allowance or annual allowance charge an individual has previously paid.
- work out new, reduced or extra lifetime allowance or annual allowance charges that an individual may have to pay.
- submit information for HMRC to review.

HMRC's McCloud guidance and digital service can be accessed via the [government website](#). The LGA have also set up a page titled '[Age Discrimination Remedy – HMRC Member Tax Calculator](#)' on the FPS regulations and guidance website to house this information. The Remediable service statement covering letter has also been updated to include a link to the calculator.

- The bulletin provided clarity from HMRC regarding Pension Saving statements (PSS's) corresponding to the age discrimination remedy period. HMRC have confirmed that an individual would require both original and revised PSS's for tax years 2012-13 to 2021-22, alongside a PSS for 2022-23 to ensure an accurate revision of their tax position and compensation due in all cases. This information is provided to support pension administrators in their approach to issuing PSS's for remedy years.
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Annexes

Annex 1: FPS Bulletin 71

Annex 2: FPS Bulletin 72

Annex 3: FPS Bulletin 73

Annex 4: FPS Bulletin 74

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