



## **Surrey Local Firefighters' Pension Board 25 July 2024**

### **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 80, 81 and 82 (Annex 1, 2 and 3) have been published since the last Board meeting.

#### **BULLETIN 80**

##### **Age Discrimination Remedy – Immediate Choice Remediable Service Statements (IC-RSS) Rollout**

Bulletin 80 advised readers that further to the email sent to Chief Fire Officers and scheme manager contacts on 25 March 2024, regarding the status of the rollout of IC-RSSs, possible ways forward and following consultation with the Firefighters' Technical Working Group (FTWG), that a set of IC-RSS templates to include additional wording to provide a choice to the member as to whether they want their interest paid now or once final guidance is received from HMRC have been published.

Bulletin 80 advises the IC-RSS templates are published on the Age Discrimination Remedy – Remediable Service Statements section of the member area on the FPS regulations and guidance website.

It is also advising that the new templates should be used for those cases that are impacted by the tax on interest issue where FRAs have chosen to provide an option to the member with regards to payment of the interest.

##### **Age Discrimination Remedy – Member FAQs**

Bulletin 80 confirms the member FAQs have been updated to include some additional questions under the 'Your benefits', 'Tax', 'Interest Payments' and 'Individual Circumstances' sections of the document.

The additional questions clarify certain positions, where they have now received additional information i.e. The HMRC calculator, annual allowance, what is an unauthorised payment and Tax on Interest.

The updated Member FAQ document has been published on the FPS member website.

Bulletin 80 advises that readers should signpost members to the FAQs where relevant.

### **FPS 2015 Added Pension Factsheet**

Bulletin 80 advises the FPS 2015 Added Pension Factsheet has been updated to reflect the 2024 annual update of £8,570.14 from 1 April 2024.

It is advised that the updated version of the factsheet should be used for all added pension elections following 1 April 2024. The factsheet is available on the factsheet section of the FPS regulations and guidance website.

Administrators have been advised to update their website with the updated version of the factsheet.

### **Matthews and Age discrimination remedy Query logs**

Bulletin 80 confirms that there are three query logs:

- • Age Discrimination remedy technical query log
- • Matthews technical query log
- • Matthews GAD calculator query log

Bulletin 80 advises that these logs record the technical queries that have been received under the age discrimination remedy, the Matthews exercise and the calculator queries that GAD have been receiving for in respect of the Matthews exercise.

It is advised that the technical query logs can be accessed by practitioners in the restricted area of the FPS regulations and guidance website under the sections 'Age Discrimination remedy technical queries' and 'Special members of the FPS 2006 technical queries'.

It is advised that the Matthews GAD calculator query log can be accessed through the tab 'Calculator query log' in the Special members of FPS 2006 - GAD calculator section of the FPS Regulations and Guidance website.

The queries have been anonymised. The log is updated monthly in line with the bulletin release dates.

Bulletin 80 advised that If readers do not have access to the member restricted area of the FPS regulations and guidance website, access can be requested by contacting the [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk) inbox.

Bulletin 80 reminds readers that if they have a query relating to either the Age Discrimination remedy or Matthews GAD calculators they can email GAD using their dedicated inbox:

[Firematthewscalculator@gad.gov.uk](mailto:Firematthewscalculator@gad.gov.uk)

## **FPS England SAB updates**

### **Age Discrimination Remedy – Tax treatment of interest on pension arrears and lump sums**

Bulletin 80 explained that following the Scheme Advisory Board meeting held on 21 March 2024, and their discussion on the tax treatment of interest on pension arrears and lump sums. An action was taken for the SAB Chair to formally write to HM Treasury to express the Board's concerns over the ongoing tax considerations needed for immediate choice members.

A copy of the [Letter](#) can be found on the [Correspondence](#) section of the [FPS Board](#) website.

### **BULLETIN 81**

#### **For Scheme managers**

Bulletin 81 explains how the [Public Service Pensions and Judicial Offices Act 2022 \(legislation.gov.uk\)](#) gives power for scheme managers to pay compensation in respect of compensatable financial losses incurred by members, or in the case of deceased members, their personal representatives, that are not rectified by the member's immediate or deferred choice and the provisions of [The Firefighters' Pensions \(Remediable Service\) Regulations 2023 \(legislation.gov.uk\)](#) (2023 Regulations).

Bulletin 81 confirms that [Scheme Manager](#) and [Member Guidance](#) has been published to help support consistent decision making. Additionally, a member claim form has been provided. All documents can be found on the [Retrospective remedy](#) section of the [FPS Regulations and Guidance](#) website. The member documents have also been added to the [Age Discrimination Remedy - Compensation Section](#) of the FPS member website.

Bulletin 81 confirms that on 14 May 2024 Home Office [emailed](#) FRAs to confirm that they had also published their compensation funding guidance.

Bulletin 81 explains that FRAs were asked to note that:

- Funding for the compensation arrangement will be managed through the Annual Managed Expenditure (AME) process. However, Bulletin 81 also explains that compensation payments **will not** be paid from the pension funds account. This requires a new, separate AME process for the purpose of paying compensation from operational accounts which is the purpose of this guidance (they do not qualify as legitimate payments in or out of the pension fund accounts).
- Compensation payments made through this new process will be paid in arrears and on a quarterly basis meaning that FRAs will make payments to successful compensation claims and can seek reimbursement from the Home Office following the end of every quarter (e.g. July, October, January, April).
- To support this new Sargeant compensation payments data will be collected via DELTA on dedicated forms, but the completion window will be short given that they are not forecasts and the need to make timely payments. Timely completion of the DELTA forms will be essential for the Home Office to be able to make the quarterly payments.
- The Home Office will consider making supplementary funding payments outside the quarterly process in exceptional circumstances where any FRAs can demonstrate cashflow challenges arising from making the compensation payments.

#### **Age Discrimination Remedy – Compensation guidance: -**

Bulletin 81 advised that Scheme managers should familiarise themselves with the compensation scheme manager guidance and the Home Office compensation funding guidance. Scheme managers are strongly encouraged that they follow the guidance when making a:

- decision
- payments.
- AME funding claim, and
- Reporting to the local pension boards

#### **Age Discrimination Remedy – Statutory deadlines: -**

Bulletin 81 explains that within the regulations<sup>1</sup> that govern the age discrimination remedy, there are several dates which set out when certain elements of the remedy **must** be implemented by. This is unless there is a discretion for a scheme manager to use their powers to deviate from this.

Bulletin 81 advised that a [factsheet](#) has been published to help support scheme managers that sets out the different statutory deadlines within the age discrimination remedy process, and the requirements that are needed to meet such deadlines.

Bulletin 81 states that If a statutory deadline is not adhered to this would constitute a breach in law which **must** be reported to the Local Pension Board (LPB). All breaches should be assessed as to whether they are of material significance. All material breaches are required to be reported to the Pensions Regulator (TPR).

Bulletin 81 advised that Scheme managers should familiarise themselves with the statutory deadlines, to ensure that where possible they are adhered to. This may require discussions with your administrator to agree deadlines if this has not already taken place.

Bulletin 81 advises that if a statutory deadline cannot be met, it is important that this is reported accordingly as per the guidance within the factsheet.

### **Age Discrimination Remedy – Annual Benefit Statement Remediable Service Statement (ABS-RSS)**

Bulletin 81 confirmed that the ABS-RSS documents have been finalised and are published on the Age Discrimination Remedy – Remediable Service Statement section, within the member area of the [FPS Regulations and Guidance](#) website.

This includes:

- Conditional text document
- Design document – active members (available in both word and RTF versions)
- Data specification document

### **Age Discrimination Remedy – Contingent Decisions: -**

Bulletin 81 explains that the position of an FPS 1992 member who was opted out on 31 March 2015 has been considered. Currently the examples within the contingent decision guidance suggest that if a member opted out on or before the 31 March 2015, they would be automatically entitled to a contingent decision claim, however they would only be able to be reinstated within FPS 2006.

Bulletin 81 explains that having considered this further, it is of the understanding that this is incorrect. If a member is opted out on 31 March 2015, this would mean that the first day they are no longer a member of FPS 1992 is 1 April 2015 (first day of the remedy period). This would mean that they would be able to be reinstated membership back to FPS 1992.

Bulletin 81 confirms that the [Scheme Manager Contingent Decisions Guidance](#) has therefore been updated, which is published on the retrospective remedy section of the [FPS Regulations and Guidance](#) website. It has also been confirmed that the member documents have also been updated. These are published on the Age Discrimination Remedy – Contingent Decision section of the [FPS Member](#) website.

Bulletin 81 advised that Scheme managers, should familiarise themselves with the updated guidance, to ensure that they are aware of the updated position. They are also encouraged to report any contingent decision claims and their outcome to their local pension board.

### **Matthews GAD calculator: -**

Bulletin 81 confirmed that on 15 May 2024, GAD published a revised calculator and updated their guidance.

The calculator fixes some issues that had been identified within the calculator. A summary of the fixes can be found on the [Special members of FPS 2006 - GAD Calculator](#) section of the FPS regulations and guidance website.

Bulletin 81 confirms that calculations that have been run through the previous version of the calculator, will not need to be rerun, this is unless they are affected by fixes referenced above.

FRAs are encouraged not to make local copies of the calculator, but to refer to the Special members of FPS 2006 – GAD calculator section of the FPS regulations and guidance website, as per above link.

Bulletin 81 advised that Scheme managers should ensure that they are using the most up to date version of the calculator.

### **Update on Tax Treatment of Matthews cases:**

Bulletin 81 confirmed that on the 14 May scheme managers, Chief Fire Officers (CFOs) and FRA pension contacts were [Emailed](#) to provide an update on the Tax Treatment of Matthews cases. Conversations have recently taken place with HMRC on the correct tax treatment for individuals who elect for the Matthews exercise.

Further updates will be provided at the earliest opportunity.

Bulletin 81 advised that Scheme managers should ensure that they have familiarised themselves with the email and the recommendations and update their administrators of their relevant decision for processing these cases.

### **For Administrators**

#### **Age Discrimination Remedy – Statutory deadlines: -**

Bulletin 81 advised that Administrators should familiarise themselves with the statutory deadlines, to ensure that where possible they are adhered to.

If a statutory deadline cannot be met, it is important that this is reported accordingly as per the guidance within the factsheet.

#### **Age Discrimination Remedy – Contingent Decisions: -**

Bulletin 81 advised that Administrators should familiarise themselves with the updated guidance, to ensure that they are aware of the updated position.

## **BULLETIN 82**

### **Firefighters' Pensions Top Up Grant**

Bulletin 82 confirmed that on 18 June 2024, Home Office [emailed](#) claim administrators/certifiers to notify them that due to the increase in employer contributions from April 2024, an adjustment will need to be made to the forecasts provided in August 2023 to correct the understated amounts.

### **Age Discrimination Remedy – NS&I rate update**

Bulletin 82 confirmed that the National Savings & Investment (NS&I) rate has been updated from 3.65% to 4% from 23 May 2024.

<https://www.nsandi.com/historical-interest-rates>

Bulletin 82 explains that the change in rate will affect all Sargeant remedy interest calculations which are based on NS&I rates. This affects both the GAD Tax and Contributions calculator and the standalone interest calculator.

An updated version of the tax and contribution calculator, data input csv. File and user guide have been published on the Age Discrimination Remedy – GAD Tax and Contribution calculator section of the member area of the [FPS regulations and guidance](#) website.

Bulletin 82 advises that in the email sent to scheme managers, internal pensions, and finance contacts of 5 June 2024, it was confirmed that GAD had updated the standalone interest calculator, however this was incorrect, as that calculator related to settlements for the devolved nations periodical contribution cases, and not England where this provision is not available.

Bulletin 82 advises that GAD have confirmed that they will not be updating the Standalone interest calculator, and that users will need to add the new NS&I rate on the 'Assumptions' tab of the calculator. As a reminder the link to the standalone interest calculator held on GADs website and the password is available in the Age Discrimination Remedy – Useful information section of the member area of the website.

Bulletin 82 explains that FRAs are reminded to use the tax and contribution calculator published on the website and are recommended **not** to save a local version. This is to ensure that they are using the most up-to-date version.

FRAs who have already provided the tax and contribution outputs to their administrators with a calculation date on or after 23 May 2024 on an earlier version of the calculator will need to provide an updated calculation.

It has also been advised that Administrators should take instructions from their software suppliers on how the rate change will affect the data they have already received and communicate it with their clients accordingly.

### **Scheme managers should:**

- ensure that those individuals who are working on the age discrimination remedy GAD calculations are using the updated version of the tax and contributions calculator and supporting documents.
- provide an updated output for any cases with a calculation date on or after 23 May 2024, which has already been provided using the earlier version of the calculator.

### **Administrators should ensure that they:**

- input the new NS&I rate into the 'Assumptions' tab of the standalone interest calculator.
- they take instructions from their software suppliers on how the rate change will affect the data they have already received and communicate it with their clients accordingly.

### **Age Discrimination Remedy – Data Sharing:**

Bulletin 82 explains that it is understood that LPPA still have several requests for data outstanding which is holding up retirement calculations for several members. It has been requested that any requests received from LPPA are dealt with as a matter of urgency.

Bulletin 82 advises that Scheme managers should ensure that:

- those individuals who are working on the age discrimination remedy GAD calculations are acknowledging receipt of data requests and are responding in a timely manner in line with the guidance.
- the contact for their FRA is kept up to date.

### **Age Discrimination Remedy - Immediate Choice Remediable Service Statements roll out: -**

Bulletin 82 explains that on 3 June 2024, LGA met with Chief Fire Officers, scheme managers, and internal pension contacts to discuss the current position with regards to the rollout of Immediate Choice Remediable Service Statements (IC RSS).

To confirm, the outstanding issue identified **only** affects members who have received an unauthorised lump sum i.e. members with legacy FPS 1992 membership who when they retired received an unauthorised lump sum and paid a tax charge.

Bulletin 82 confirms LGA continue to liaise with HMRC and HM Treasury (HMT) on this and will advise of any developments.

Bulletin 82 confirms there are several cohorts of members which remain unaffected and can receive their IC-RSS, these have been split these into three ‘traffic light’ groups as follows:

Green	Amber	Red
Legacy FPS 2006 member with no eligibility for Matthews 2 or outstanding election	Higher tier ill health (single source ill health)	Unprotected and *taper protected legacy FPS 1992 members who elected for maximum lump sum (ie. paid and unauthorised tax charge)
Legacy RDS modified members with no eligibility for Matthews or outstanding election	Protected and *taper protected legacy FPS 1992 members who elected for maximum lump sum (ie. paid an unauthorised tax charge) *who at the point of retirement had not tapered into FPS 2015	*who at the point of retirement had tapered into FPS 2015
Legacy FPS 1992 members who retired with restricted commutation (ie. Age 50 with 25 years service)	Legacy FPS 2006 members with an outstanding Matthews 2 election	
Legacy FPS 1992 members who remain within authorised limits (ie. No lump sum or lump sum within HMRC limits)	Legacy RDS modified members with an outstanding Matthews 2 election	

FRAs are encouraged to write to members who fall into the **red category** so they remain reliably informed. A template with suggested wording has been provided. A local decision is required on whether you would like to adapt it and arrange for it to be shared members who fall into the **amber category**.

Bulletin 82 explains that at the LGA drop-in session on 17 June 2024, some FRAs confirmed that they have made the decision to contact the **green category** as well. Cheshire and Tyne and Wear FRAs have very kindly shared their follow up letters for others to use should they deem appropriate.

Bulletin 82 advises that on 19 June 2024 an email was sent to administrators providing some suggested template wording to be included within retirement letters to explain the tax spreading mechanism available to members who may be put into a higher tax bracket following receipt of arrears of pension and lump sum.

The follow up member communications are available on the [Retrospective remedy](#) section of the FPS regulations and guidance website.

**Scheme managers:**

- Should consider the cases set out in the 'traffic light' categories and decide whether they agree and instruct their administrator accordingly.

- Are encouraged to send out the member communication to those members in the red category and should consider whether they also wish to contact those in the amber and green categories.

**Administrators are encouraged:**

- to discuss which cases they can process with their FRA clients and process accordingly.

- to consider the suggested template wording and include in their retirement letters where appropriate.

**Age Discrimination Remedy – Remediable Service Statements:**

Bulletin 82 confirms the following Remediable Service Statements (RSS) have been published:

- Annual Benefit Statement RSS (ABS RSS) for deferred members
- Contingent Decision RSS (CD RSS)

Both RSS' have been published on the Age Discrimination Remedy – Remediable Service Statement section, within the member area of the FPS regulations and guidance website.

**ABS RSS**

Bulletin 82 explains that the ABS RSS should be provided to all deferred members who are eligible for remedy in line with the [Statutory deadlines](#) factsheet. The ABS RSS documents published include:

- Conditional text document
- Design document – deferred members (available in both word and RTF versions)
- Design document – deferred members with no dark backgrounds (available in both word and RTF)
- Data specification document

**CD RSS**

Bulletin 82 explains that a CD RSS must be provided to a member within a mutually agreement timeframe between the scheme manager and administrator, following a positive CD claim in line with the contingent decision guidance. This statement is to be

provided in addition to an RSS and will show the total value of benefits including the opted-out service or added years.

The CD RSS will need to be accompanied by the CD RSS election form to allow the member to make a choice with twelve months of receipt of the statement.

**Scheme managers:** should liaise with their administrators to agree a timeframe for the CD RSS to be provided once they have informed them of a positive CD claim.

**Administrators:** are strongly encouraged to use the template CD RSS and provide the statements to members within the mutually agreed timeframe.

### **Matthews – Managing expectations**

Bulletin 82 reconfirms the expectations of the Matthews exercise. The legislative timeframe for implementing the Matthews exercise i.e. communicating with members, providing calculations and dealing with positive elections etc. started on 1 October 2023 and will end on 31 March 2025, this means that we are now at the half way point.

It is explained that feedback received shows that the sector is at varying degrees of completeness, and it is appreciated that some scenarios are more complex than others.

To support the sector, the LGA agreed to review the existing support material that was already available to the sector and see if they could help FRAs better understand firstly how to use the calculator and secondly how to interpret the output and explain to members.

Work on this has begun, however, to continue this piece of work, further support from the sector is required. A list of outstanding scenarios which will be included in the guide has been put together, but without receiving some anonymised examples from FRAs it has come to a stop.

Bulletin 82 requests that should FRAs come across any cases which fit the outstanding scenarios then please do share them through the normal communication channels.

Whilst the guide is under construction, the LGA are committed to supporting FRAs with this exercise. It is therefore requested that FRAs **do not** pause the Matthews implementation in anticipation of the guide.

Bulletin 82 suggests that existing material which is available is used, this can be found on the dedicated [Second Options Exercise](#) page of the FPS Regs and Guidance website, and deal with the case accordingly.

Once the guide is available it will be published on the dedicated Second Options Exercise page of the FPS Regs and Guidance website.

Bulletin 82 strongly advises that not dealing with the Matthews exercise in the legislative timeframe will result in a breach which, if deemed material, will require reporting to The Pension Regulator (TPR).

**Scheme managers should request that those involved in the Matthews exercise to:**

- share appropriate anonymised cases with the LGA to facilitate further development of the guide.
- escalate any cases that they are struggling with the LGA for further support/guidance.

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**Bulletin Update contacts:** Danni Lamaignere and Joanne Hart  
**Contact details:** E: [danni.lamaignere@surreycc.gov.uk](mailto:danni.lamaignere@surreycc.gov.uk)  
E: [joanne.hart@surreycc.gov.uk](mailto:joanne.hart@surreycc.gov.uk)

**Annexes**

- Annex 1: FPS Bulletin 80
- Annex 2: FPS Bulletin 81
- Annex 3: FPS Bulletin 82

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