



Surrey Local Firefighters' Pension Board 25 November 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 83, 84, 85 and 86 (Annex 1, 2, 3 and 4) have been published since the last Board meeting.

BULLETIN 83 – July 2024

Annual Benefit Statements (ABS)

Bulletin 83 informed readers the ABS template statements and supporting documents for 2024 have been published. These are available under both the [Guides and sample documents](#) and [Annual Benefit Statement](#) section of the member area of the [FPS Regulations and Guidance](#) website.

Readers were informed that they can be found under the 'Current Year' tab where there are three headings:

- • ABS inclusive of remedy wording
- • ABS CARE and Final Salary (not remedy)
- • ABS CARE only

Within each heading there is a template ABS and the supporting annexes.

Bulletin 83 reminds readers that in [FPS Bulletin 81 - May 2024](#) a [Factsheet](#) was provided to support scheme managers, that sets out the different statutory deadlines within the age discrimination remedy process. The factsheet covers the scenario where administrators are unable to provide a combined ABS-RSS by 31 August 2024, in which case a 'rolled back' ABS should be provided instead.

The bulletin advised that a template delay letter has been created should administrators not be able to meet this deadline, that can be sent to members.

Bulletin 83 advised that scheme managers should liaise with their administrators to understand the timetable to produce ABS statements if an ABS RSS is not being produced for 2024 and report any breaches should they occur.

The Bulletin also informed that Administrators:

- are encouraged to use the template statements, however they can be adapted accordingly to make personal to each FRA.
- are encouraged to use the template delay letter should they not be able to provide a rolled back ABS by 31 August 2024.
- should report any breaches should they occur.

Bulletin 83 advised that Local Pension Boards are encouraged to ask for information with regards to the ABS production and report any breaches should they occur.

Bulletin 83 stated that Scheme managers should liaise with their administrator to ensure that they are using various means of communications to make sure that all members receive an ABS-RSS.

Administrators are encouraged to follow the guidance within TPR code of practice and ensure that they are using various means of communications to cover all members when providing the ABS-RSS.

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

Bulletin 83 explains that within the regulations¹ it defines that the scheme manager **must** provide a Remediable Service Statement (RSS) in respect of a remedy member.

It is known that administrators utilise Member Self Service (MSS) when providing an ABS and they would take the same approach for an ABS-RSS, which is not discouraged. However, as TPR cover within their code of practice in relation to member communications, there is an expectation that various means of communications should be used. Whilst electronic communications are naturally the preferred route, provision should be made for those members who cannot, or do not want to access information in this way.

The bulletin confirms it is therefore the LGAs view that if an individual has signed up for MSS, then an ABS-RSS can be provided via this route. If a member has opted out of electronic communications or have not made an election either way, then the ABS-RSS should be provided via an alternative method i.e. via email or post. This is to ensure that members are aware of the options available to them in respect of their contributions.

Bulletin 83 explains the following actions should be taken.

Scheme managers should liaise with their administrator to ensure that they are using various means of communications to make sure that all members receive an ABS-RSS. **Administrators** are encouraged to follow the guidance within TPR code of practice and ensure that they are using various means of communications to cover all members when providing the ABS-RSS.

Age Discrimination Remedy – Contingent Decisions

Bulletin 83 confirmed the Contingent Decision (CD) guidance had been reviewed for both scheme managers and members.

The revised scheme manager guidance can be found in the retrospective remedy section on the FPS Regulations and Guidance website, the member guidance is available on the FPS member website.

Age Discrimination Remedy - Immediate Choice Remediable Service Statements (IC RSS)

Bulletin 83 informs readers that the conditional text document has been updated to:

- Include an additional conditional paragraph for those taper members who left before 1 April 2022, where they will extinguish any deferred benefits within FPS 2015, if they elect for legacy benefits within the remedy period.
- Amended the reference to the 12-year age difference for members within the FPS 2006 and FPS 2015, so make it clear that it only affects these schemes, and not FPS 1992.

Readers are also informed that the ill health RSS template letters have been updated to include some conditional paragraphs to cover injury cases.

The updated documents have been uploaded to the Age Discrimination Remedy – Remediable Service Statements section of the member area of the FPS regulations and guidance website.

Administrators should ensure that they are using the conditional text document published on the website.

Age Discrimination Remedy – Updated member documents

Bulletin 83 informs readers that some of the remedy documents have been updated as follows:

- FAQs - to include an additional section on contribution adjustments.
- Contributions adjustment factsheet – to include illustrations of contribution adjustments based on the average maximum salary across roles firefighter to area manager throughout the remedy period.

The documents are published in the relevant Age Discrimination Remedy sections of the FPS member website.

Age Discrimination Remedy – Unauthorised Payments and Annual Allowance

Bulletin 83 confirms two new member factsheets have been published on the topic of Unauthorised Payments and Annual Allowance.

The Unauthorised Payment factsheet is aimed at members of FPS 1992, who upon retirement their choice of lump sum could mean that there is additional tax due in the form of an Unauthorised Payment Charge (UPC). The factsheet explains what an unauthorised payment is, how one may occur and how remedy may have an impact on them.

Matthews - GAD calculator – Manual case update

Bulletin 83 informs readers that the LGA have been working closely with GAD to develop the process for “manual cases” which are not covered by the Matthews 2 calculator. GAD have now provided a [manual cases](#) update to help FRAs prepare these cases depending on their type, this information and details of these cases can be found on the Special members of FPS 2006 – GAD calculator in the Second Options Exercise – Resources.

Matthews - GAD calculator

Bulletin 83 confirms that on 12 July 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 83 confirms 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.

FRA's 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.

Matthews – Processing priority order

Bulletin 83 informs readers that the LGA are aware that some FRAs have received/are receiving large volumes of Expression of Interest forms from eligible members. To support the sector in progressing the Matthews implementation, the SAB have agreed that it would be sensible to have a suggestive priority order for the processing of Matthews cases. The priority has been agreed as follows:

• Priority 1 – Immediate entitlement i.e. Special Pensioners or potential to be a Special Pensioner

- Individuals who currently have no benefits in payment but would be immediately entitled to a backdated award should they elect for Matthews
- Individuals who currently have a pension in payment and would be due a top-up if they elected for Matthews
- Deferred Benefits (DB) into payment i.e. an individual who is over age 60 and has a DB entitlement under Matthews
- Potential ill health cases • These could either be active Firefighters who are known to be suffering from ill health or individuals who have left the FRS and are either currently a deferred member or are entitled to be a deferred member under Matthews.
- Deceased cases

• Priority 2 – Imminent entitlement

- Special Firefighters or Special Deferred but entitled to become a Special Pensioner before **31 March 2025**

• Priority 3 – Not immediate/imminent

- Special Firefighters or Special Deferred but **not** entitled to become a Special Pensioner before **31 March 2025**

Bulletin 83 advises readers that to support FRA's a Matthews - Priority order letter template is available to use to which should help you explain to eligible individual the reason for the delay in providing calculations and where their case falls in the priority list.

FRA's are reminded 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).

Matthews Statutory Deadlines

Bulletin 83 explains that within the regulations² that govern the Matthews 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 deviate from this. There are also

other regulations³ that need to be considered when certain information must be provided to an individual. These are known as statutory deadlines.

It is made clear that if a scheme manager does not adhere to a statutory deadline this would constitute a breach of law which **must** be reported to the Local Pension Board (LPB). The breach should then be assessed as to whether it is determined to be of material significance. All material breaches are required to be reported to the Pensions Regulator (TPR).

A factsheet for scheme managers has been published to cover statutory deadlines. The factsheet is available on the second options exercise section of the FPS regulations and guidance website.

Matthews and Age discrimination remedy Query logs

Bulletin 83 explains that the LGA have three query logs:

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

It is explained that these logs record the technical queries we have been receiving under the age discrimination remedy, the Matthews exercise and the calculator queries that GAD have been receiving for in respect of the Matthews exercise.

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'.

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.

BULLETIN 84 – August 2024

Firefighters Pension Scheme Valuation 2024 - GAD data request

Bulletin 84 informs readers that GAD have requested that Fire and Rescue Authorities (FRAs) provide membership data extracts for the 2024 valuation **no later than 1 December 2024**. Tables covering changes in member status since the 2020 valuation extract ("movement data") can be provided in the new year i.e. February 2025. Shortly after 31 March 2025 GAD will ask FRAs to provide their compiled data in respect of positive elections under the Matthews second options exercise. (The request to compile data on positive Matthews elections was first raised in FPS Bulletin 75, page 6.)

Bulletin 84 confirms Scheme Managers should ensure that high quality, timely data is shared with the administrator who will be doing the extract on their behalf.

Age Discrimination Remedy – Treasury Directions (Tax relief on contributions for active members)

Bulletin 84 makes readers aware that on the ABS-RSS, the contribution adjustment for an FPS 1992/FPS 2006 (Special) legacy scheme member is quoted as the gross amount with interest having been calculated on this figure.

This is because, under the current Treasury Directions active members can only obtain tax relief in the usual way, i.e. through PAYE or self-assessment. This is why the Treasury Directions had to specify that for all non-active members i.e. deferred, pensioners and beneficiaries, any adjustments for contributions would be adjusted for tax relief at source (known as the non-active tax relief method) and paid as compensation.

Bulletin 84 continues to explain that HM Treasury (HMT) will be making amendments to these Directions to allow active members to be treated in the same way as non-active members; in other words, the non-active tax relief method can be used.

The amended Directions are not due to be laid before parliament until the Autumn. So, to ensure that this does not delay the production of ABS-RSS, HMT have confirmed that they are content for scheme managers to implement the amended Directions in advance of them being laid. A paper which sets this out in more detail was shared with scheme managers on 20 August 2024.

The Bulletin advises Scheme managers to inform the LGA should they have any objections to the recommendations set out in the paper.

GAD Guidance: CETVs (FPS 2006 and FPS 1992 addendum)

Bulletin 84 informs readers that on 13 August 2024, administrators were sent an email to inform them that the Government Actuary's Department (GAD) guidance for CETV's had been updated. The updated documents have been added to GAD guidance section of the FPS regulations and guidance website.

Matthews - Deceased firefighters death grant for extended limited period and additional death grants

Bulletin 84 confirmed that the LGA have updated their Employer Guide in respect of the Matthews remedy and have expanded the information previously provided in relation to the treatment of deceased cases.

The additions to the guide should now adequately support FRAs in performing the necessary calculations set out in the Firefighter's' Pension Scheme (England) (Amendment) Order 2023 of both the death grant for extended limited period (Part 5, 1B) and the additional death grant (Part 5, 1C).

Matthews – Tax on death grant lump sums

Bulletin 84 informed readers that at the coffee morning of 8 August 2024 there was a question asked in respect of whether death grant lump sums were liable for tax. After consulting the pensions tax manual, it has been confirmed the tax treatment of the lump sum paid on or after 6 April 2016 depends on how old the member was when they died, how long it takes to pay the lump sum and who receives the payment.

If the eligible individual was **under** 75 when they died, **and** the lump sum is paid within two years of:

- the date the scheme administrator/FRA first knew of the member's death, or
- if earlier, the date they could first reasonably have been expected to know of it.

The lump sum will be **tax free** unless the payment exceeds the deceased member's lump sum and death benefit allowance.

The lump sum death benefit **is** taxable if:

- the eligible individual was 75 or older when they died, **or**
- the lump sum was not paid within the two-year payment period shown above.

Bulletin 84 continues to explain that in the circumstance whereby the eligible individual was 75 or older when they died, or the lump sum was not paid within the relevant two-year period FRAs should be deducting Income Tax using an emergency tax code.

To support FRAs with consistent communications the LGA have updated their template letters Death grant confirmation of approval and bank details request and Death grant confirmation of payment, with some conditional paragraphs that explain their set of circumstances. [11 Click here to return to Contents](#)

Bulletin 84 assures readers that it has been confirmed that the LGA have entered discussions with the Home Office in respect of whether any of the tax the beneficiary is liable for should be subject to compensation. The LGA will ensure that the sector is kept up to date with such developments as these discussions progress.

Bulletin 85 – September 2024

Firefighters' Pensions - McCloud compensation arrangement claims for Q2 FY24/25

Bulletin 85 informs readers that on 30 September 2024, Home Office emailed FRA finance contacts to confirm that FRAs will be able to claim any legitimate expenditure relating to Sargeant (McCloud) compensation payments, and that the DELTA process is expected to go live shortly, and the deadline is 31 October 2024 for Q2 FY24/25.

Scheme managers should prepare themselves to submit their compensation data by **31 October 2024**.

Age Discrimination Remedy – Immediate Choice - Protected members

Bulletin 85 brings to readers attention that following a technical query received by the LGA, they have sought legal advice and can confirm that powers do not exist under the PSPJOA 2022 for a member to revisit their commutation decision if there is no retrospective change to their benefits. This therefore means that the PSPJOA 2022 **does not** provide for a member

of a 'Chapter 1 legacy scheme', who was a fully protected member, and who does not elect for new scheme benefits in relation to their 'remediable service', to revisit their commutation decision.

Matthews – Project implementation data request

Bulletin 85 advised that the LGA would now like to collect the data for period 1 July 2024 to 30 September 2024.

FRA's were requested to complete the Project Implementation data request and return to the bluelightpensions@local.gov.uk by **19 October 2024**

Bulletin 86 – October 2024

Age Discrimination Remedy – Tax treatment for top up death benefits.

Bulletin 86 confirms that where a 'top-up' death in service lump sum is payable as part of the remedy process, interest would be payable at a rate of 8% simple. It is of the understanding that this interest is not treated as compensation, similarly to how interest on pension arrears and lump sum arrears is not.

Bulletin 86 continues to add that based on prior conversations with HMRC on the topic of pension arrears and lump sums, the LGA believe that the interest in these circumstances is not subject to tax.

Readers are advised the LGA'S rationale is as follows:

[Newsletter 156](#) confirms that, as pension arrears are treated as a taxable benefit, interest on such arrears is taxable and treated as savings income. Whereas, in the case of lump sums, the tax treatment depends on whether the lump sum was authorised or not. If it was authorised and the interest does not take them over their Pension Commencement Lump Sum (PCLS) then it is treated in the same way as the lump sum i.e. tax free. The LGA believe that, as death in service lump sums are ordinarily treated as tax free, the same logic should apply to any interest i.e. it is not subject to tax.

The term 'ordinarily' has been used as there are some limited circumstances whereby a death in service lump sum is taxable:

- • Eligible individual over age 75 at date of death, and
- • Death in service lump sum paid over 2 years ago.

This is as per [PTM073100](#).

Bulletin 86 continues to advise that for cases where the death in service lump sum is paid over 2 years ago, it is of the understanding that Regulation 31 of The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 mitigates this and therefore should mean that any interest is paid tax free.

Readers are advised that the LGA have tested their rationale with HMRC, and they have confirmed that this is correct.

Bulletin 86 explains that Scheme managers and administrators should ensure that they are aware of this and confirm the tax position with beneficiaries

Age Discrimination Remedy – Immediate Choice Remediable Service Statement (IC-RSS) rollout

Bulletin 86 explains that in [FPS Bulletin 85 - September 2024](#) readers were informed of [HMRC's Public Service Pension Remedy Newsletter](#), including Appendix B which set out the offsetting guidance for the unauthorised payment charge that is to be used for IC members who previously received an unauthorised payment.

Readers were also provided details of a joint roundtable discussion with scheme managers and administrators, the slides of which are available on the Coffee Morning section of the FPS regulations and guidance website. Scheme managers were also emailed to provide a briefing paper requesting approval for administrators to commence processing red IC-RSS cases ahead of HMRC legislation coming into force.

Bulletin 86 explains that Scheme managers should ensure that they update their administrators should their position change, and Administrators should ensure that they have read the offsetting guidance and unless otherwise instructed by their client, should commence processing red cases.

Age Discrimination Remedy – Immediate Choice Protected members

Bulletin 86 informs readers that following a recent query, it would be best to reiterate the legal requirement for sending a Remediable Service Statement to all eligible members under remedy. Whilst a member may be better off financially by being in the legacy scheme for the remedy period, there are other reasons why they may choose the reformed scheme instead, and it is their right to make that decision.

Bulletin 86 explains that Scheme managers should ensure that their administrators are producing a remediable service statement for all eligible members for remedy, and that Administrators should ensure that they are adhering to the legislative requirements for producing a remediable service statement for all eligible members. Local Pension Boards are also encouraged to monitor the production of remediable service statements as part of their regular updates.

Age Discrimination Remedy – Contingent Decisions (Authorised absence)

Bulletin 86 reminds readers that the fire sector's view for a need for a contingent decision had been raised with Home Office, with regards to authorised absences, where a member has chosen not to repay their pension contributions for a period of authorised absence, due to them being transitioned into FPS 2015.

It has been requested that FRAs provide the number of authorised absences for the period from March 2012 to March 2022, and where possible to provide a split between pre and post March 2015.

Matthews – Manual Cases update

Bulletin 86 informs readers that GAD have now been in contact with just over a quarter of FRAs in England as part of the current Matthews manual cases live trial. It is explained that the trial covers cases which cannot be processed by the calculator and need to be referred to GAD. Since the trial launch in early August, 2 cases have been provided to GAD which are actively being worked through. GAD are also now expecting data for a further 7 cases, covering a variety of expected manual case types. GAD expect to be able to complete the live trial and launch the manual cases re GAD process for all FRAs once these further cases have been received and processed by GAD.

Bulletin 86 continues to inform readers that GAD has noticed that preparing the necessary support information for refer to GAD cases is onerous for FRAs. There has been a request in helping to complete the Matthews manual cases live trial as soon as possible, and the request is for any FRAs who have assembled the **Information needed for cases which are submitted to GAD** set out in the July manual cases update but are not currently actively participating in the trial to let the LGA know.

Readers are informed that GAD are also updating the list of cases to be referred to GAD from including:

- Pensioner members in payment who converted standard service to special service in the first exercise and want to undo that decision

To more widely cover:

- All members who converted standard service to special service in the first exercise and want to undo that decision

Eversheds Pensions Dashboards Speedbrief

Bulletin 86 reminds readers that the connection date for Public Service Pension Schemes, including Firefighters' pensions for Pensions Dashboards is 31 October 2025.

Bulletin 86 explains that whilst practically most FRAs will be relying upon their administrator to appoint their Integrated Service Provider (ISP), it is important that scheme managers do not act blindly on this and are engaged in this process and know that this is the case. It is advised that this must be a priority for scheme managers because until the ISP is known, work on what matching rules will be in place and utilised and data cleansing is much more difficult to put in place.

Readers are informed that data is constantly mentioned as it is a key feature of Pensions Dashboards and that if the Sargeant and Matthews exercises have taught us anything, it is that the right data MUST be in place as it underpins everything. It is not enough to just have the presence of data; it needs to be accurate as well.

No one wants to find themselves having to report breaches of law to TPR for having missed the connection deadline, or for not having accurate data available when the dashboard goes live.

Scheme managers need to understand what needs to happen and where their administrator is with their preparation. It is therefore encouraged that scheme managers must be requesting a regular update from their administrators, regarding their progress on the implementation on dashboards.

Evershed's have published a useful [To Do](#) Speedbrief document which sets out some key steps which scheme managers can take now.

Pensions Dashboards readiness survey

Bulletin 86 informs readers that as part of TPR's dashboards communications approach, they will be sending all scheme managers two surveys at key points in their journey to their 'connect by' date, as set in DWP's guidance.

Readers are made aware that the surveys will be sent to Public Service Pension Schemes in the month following their second and third 'nudge' communications – and therefore all PSPS schemes can expect to receive the first survey in November. It is important that schemes complete and submit the surveys, which are anonymous, as they provide TPR with useful insights into industry readiness, and where any gaps in awareness and understanding may lie, in order to inform their approach.

Age Discrimination Remedy - Public Service Pensions Remedy (PSPR) Scheme Pays Election

Bulletin 86 explains that On 1 October 2024, an [email](#) was sent to scheme managers and administrators, with a message from HMRC sharing the relevant documents that will be used for the new Scheme Pays process for those members who will use the Member Tax Calculator.

Readers are made aware that it is important that the Single Point of Contact (SPoC) for each FRA is aware of this new process.

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Annexes

Annex 1: FPS Bulletin 83
Annex 2: FPS Bulletin 84
Annex 3: FPS Bulletin 85
Annex 4: FPS Bulletin 86