



## FPS Bulletin 50 – October 2021

Welcome to issue 50 of the Firefighters' Pensions Schemes bulletin. We hope that readers remain safe and well.

If you are looking for information on a certain topic, issue and content indexes are held on the [main bulletin page](#) of the website and are updated following each new issue.

If you have any comments on this bulletin or suggested items for future issues, please email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk).

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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 email [claire.hey@local.gov.uk](mailto:claire.hey@local.gov.uk).

Table 1: Calendar of events

Event	Date
<a href="#">FPS coffee morning</a>	9 and 23 November 2021
Eastern regional group	2 November 2021
SAB SMA committee	4 November 2021
North West regional group	10 November 2021
North East regional group	18 November 2021
<a href="#">Eversheds Sutherland pensions conference</a>	1 December 2021
Eastern regional group	7 December 2021
SAB	9 December 2021

## FPS

### Immediate Detriment Framework

On 8 October 2021, the [FBU and LGA published a joint statement](#) to announce the agreement of a [Memorandum of Understanding and Framework](#) for managing immediate detriment cases arising from the McCloud/ Sargeant age discrimination judgment.

We have prepared guidance to assist FRAs in adoption of the Immediate Detriment Framework. The guidance is available on the [age discrimination page](#) of the FPS Regulations and Guidance website and will be kept under review. Log-in details are required to access the page and can be provided to practitioners and administrators only.

### FPS Member website resources added

A new section has been added to the FPS member website, [www.fpsmember.org](http://www.fpsmember.org), titled [2015 Remedy](#). This section provides a background to the McCloud/ Sargeant age discrimination ruling and a series of frequently asked questions. More information will be added over the coming months.

### Fire and Rescue workforce and pensions statistics published

The Home Office published [workforce and pensions statistics](#) for Fire and Rescue Services (England) on 21 October 2021. The pension scheme statistics, covering April 2020 to March 2021, reflect data returns on income, expenditure and membership submitted by all FRAs in England.

Some key results:

- Firefighters' Pension Scheme expenditure in 2020-21 was around £902 million.
- 84 per cent of expenditure was "recurring outgoing payments" and 15 per cent was "commutation payments". "Transfers" and "miscellaneous expenditure" totalled less than 1 per cent
- Firefighters' Pension Scheme income in 2020-21 was around £393 million.
- Employer contributions rose by 1 per cent to £262 million.
- In 2020-21, 67 per cent of income was "employer contributions", 30 per cent was "employee contributions" and the remaining three per cent comprised transfers, miscellaneous income, and ill-health charges.
- 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.

## Consultation on FPS Wales

On 25 October 2021, the Welsh Government launched a consultation on amendments to firefighters' pension schemes in Wales.

The consultation relates to proposed amendments to the Firefighters' Pension Scheme (Wales) Regulations 2015 which will require all current members of the firefighters' pension schemes dating from 1992 and 2007 to join the 2015 Scheme on 1 April next year.

The consultation closes on 20 December 2021 and is available at the following link:

[Amendments to firefighters' pension schemes in Wales 2021 | GOV.WALES](#)

## Technical 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 is updated monthly in line with the bulletin release dates.

No new queries have been added this month.

Please bear with us if you experience a delay in response to your technical query. As you can imagine, much of our resource is currently focused on remedy-related issues.

## FPS England SAB updates

### SAB LPB effectiveness committee vacancy

We have a vacancy on the [Local Pension Board \(LPB\) effectiveness committee](#) for an FRA LPB representative. The LPB effectiveness committee considers how local pension boards and scheme managers can be supported centrally and has been particularly active in designing board surveys and developing draft guidance for joint LPB applications.

This is a great opportunity for an LPB member to get more involved with governance at a national level and represent the views of the sector.

The required commitment is usually three to four meetings per year, and these are currently being held virtually. If you are interested in sitting on the committee or would like more information, please email [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk).

## Other News and Updates

### HMT consultation response: cost control mechanism

On 4 October 2021, HM Treasury (HMT) published its response to the cost control mechanism (CCM) consultation. The [full response to the CCM consultation](#) is available online.

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In summary, the government is proceeding with its three proposed options for reform:

- **Reformed scheme only design so the mechanism considers only past and future service in the reformed schemes.**

This measure is intended to ensure the right balance of risk between the member and the Exchequer, and to improve the stability of the mechanism.

- **Widen cost corridor from two per cent to three per cent of pensionable pay.**

The government expects a widened cost corridor of three per cent to balance effective cost control with stability. While the government acknowledged the Scheme Advisory Board's (SAB's) comments on scheme specific corridors, this was felt to be overly complex and more difficult for members to understand.

- **Economic check**

An economic check will be introduced so that any future breaches will only be implemented, and benefits amended, if the breach would still have happened taking long-term economic assumptions into account. The check will be linked to the Office of Budget Responsibility's independent measure of long-term GDP growth.

The government is aiming to implement all three reforms for the 2020 scheme valuations. The reformed scheme only design and economic check will be introduced through primary legislation. The widened cost corridor will be provided for in scheme regulations (secondary legislation).

HMT's response to the [consultation on the discount rate methodology](#) is expected soon.

### **The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2021**

On 7 October 2021, HMT published the [Public Service Pensions \(Valuation and Employer Cost Cap\) \(Amendment\) Directions 2021](#).

In February 2019, HMT paused the cost cap element of the 2016 valuations. This was due to the uncertainty regarding the cost following the McCloud and Sargeant litigation. There is now sufficient certainty regarding the costs and this direction allows schemes to conclude their 2016 valuations.

In a written statement made in February 2021 [[HCWS757](#)], the government said that early estimates indicated that some schemes could breach the cost ceiling when the valuations were finalised. However, the government decided that any impact on member benefits would be waived, as the mechanism may not have been working as intended.

The government also confirmed that any changes to employer contribution rates resulting from the 2020 valuations will be delayed to April 2024.

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## **September 2021 CPI rate announced**

On 20 October 2021, the Office for National Statistics announced [the Consumer Prices Index \(CPI\) rate of inflation for September 2021 as 3.1%](#).

Section 59 of the Social Security Pensions Act 1975 (as amended) provides for public service pensions to be increased annually by the same percentage as additional pensions (State Earnings Related Pension and State Second Pension). In recent years, such benefits have been increased in line with the increase in CPI in the previous 12 months to September.

## **New webpage on how to avoid the Ombudsman**

In October 2021, the Pensions Ombudsman (TPO) launched a new page on its website called [‘How to avoid the Ombudsman’](#). It contains 'top tips', links to case studies, key determinations, and new frequently asked questions.

TPO also published [guidance on communicating with pension scheme members](#). The note sets out simple steps that can be taken to resolve pension disputes and complaints without the need for TPO to be involved.

## **PDP staging call for input summary**

Between 27 May and 9 July 2021, the Pensions Dashboards Programme (PDP) ran a staging call for input outlining the proposed order and timings for pension providers and schemes (data providers) to connect to the pensions dashboard.

The [SAB responded to the call for input](#), suggesting that staging for the Firefighters' Pension Scheme should be after the age discrimination remedy has been implemented and the first set of annual benefit statements issued successfully in Autumn 2024.

PDP received just over 60 responses to the call for input from a variety of stakeholders. These will be used to feed into further policy development of pension dashboards. It has published a [summary of the key themes](#) drawn from the responses, commenting under section 2.1.3.3:

“Those who disagreed with public service schemes staging as early as possible within the first wave, highlighted that implementing the McCloud remedy is the strongest priority over the next three years and it will take significant resources to implement the required changes. The McCloud remedy would make it hard for public service schemes to provide accurate ERI values until a much later date: the first time that the two sets of data will be provided in Annual Benefit Statements will be in 2024.”

PDP has shared the responses with the Department for Work and Pensions (DWP), the Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) to inform policy development on staging. DWP's consultation on draft regulations is expected at the end of the year and will set out the staging proposition.

## HMRC

### HMRC newsletters/bulletins

On 29 October 2021, HMRC published [Pension schemes newsletter 134](#) containing important updates and guidance for schemes. Articles include:

- Autumn Budget 2021
- extension to some of the temporary changes to pension processes as a result of coronavirus (COVID-19)
- relief at source declaration
- pension scheme migration
- accessing your business tax account
- pension flexibility statistics
- registration statistics

At the Autumn Budget on 27 October 2021, the government announced it will introduce legislation in 2022 to extend scheme pays reporting and payment deadlines for annual allowance charges. The policy paper and draft regulations relating to this change can be found in [FPS Bulletin 47](#).

### Contracting-out reconciliation update

On 11 October 2021, HMRC published [Countdown Bulletin 56](#) with updates on:

- the closure of Scheme Cessation and Scheme Reconciliation eRooms
- raising queries with HMRC

## Events

### FPS coffee mornings

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

The next session is due to take place on 9 November 2021.

We are pleased to include the presentations from recent sessions below:

[12 October 2021 - Immediate Detriment Framework](#)

[26 October 2021 – General FPS update](#)

A new [FPS coffee mornings page](#) has been added to the Events menu of the FPS Regulations and Guidance website to hold previous presentations.

If you do not already receive the meeting invitations and would like to join us, please email [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk). Please note that attendance at the coffee mornings is generally restricted to FPS practitioners and managers.

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## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [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](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Welsh Government Fire circulars](#)

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