

General FPS update

- Outcomes from Matthews poll
- Scheme valuations
- Home Office/ SAB engagement



Matthews – poll outcomes



Questions for FRAs

Would warm-up comms be helpful at this stage?

- i.e. in- and out-of-scope letters

When it is anticipated that cases will be processed:

- 2023/24?
- 2024/25?

Are FRAs having difficulty identifying individuals in cohort 1 (7 April 2000 – 30 June 2000)




- Please share your experiences and any mitigations

Matthews – lessons learned poll – Q1

1. Do you represent:

[More Details](#)

 Insights

 FRA	30
 Administrator	9
 Other	0



Matthews – lessons learned poll – Q2

2. Would targeted warm-up communications be helpful at this stage in the process i.e. letters confirming whether identified individuals are in- or out-of-scope?

[More Details](#)

● Yes	15
● No	7
● I would favour generic comms o...	20



Matthews – lessons learned poll – Q3

3. For your FRA, when do you expect that the majority of cases will be processed - based on legislation coming into force in Sept/Oct 2023 and FRAs having 18 months to complete the options exercise:

[More Details](#)

● 2023-24	5
● 2024-25	26
● N/A	8

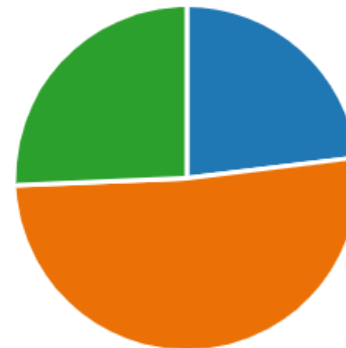


Matthews – lessons learned poll – Q4

4. Is your FRA having difficulty identifying individuals in cohort 1 (7 April 2000 - 30 June 2000). These are individuals who would never have been identified as part of the first options exercise.

[More Details](#)

● Yes	9
● No	20
● N/A	10



Matthews – lessons learned poll – Q5

5. Were you aware of the 2015 amendment [Part 11, Rule 6C <https://www.legislation.gov.uk/ukxi/2015/590/schedule/2/paragraph/3/made>] which required individuals to be provisionally enrolled and be sent a statement of service if they had not already received one:

[More Details](#)



What happens next #1

Generic communications

- We are working on a generic update for the member website – expected to be live by the end of July.

Targeted warm-up comms

- For FRAs who want to use them, we will be providing in-/out-of-scope letters – share with FCWG for approval in September before wider distribution.

Implementation timescales

- We will feed information back to HO to inform cashflow impact on top-up grant process.

What happens next #2

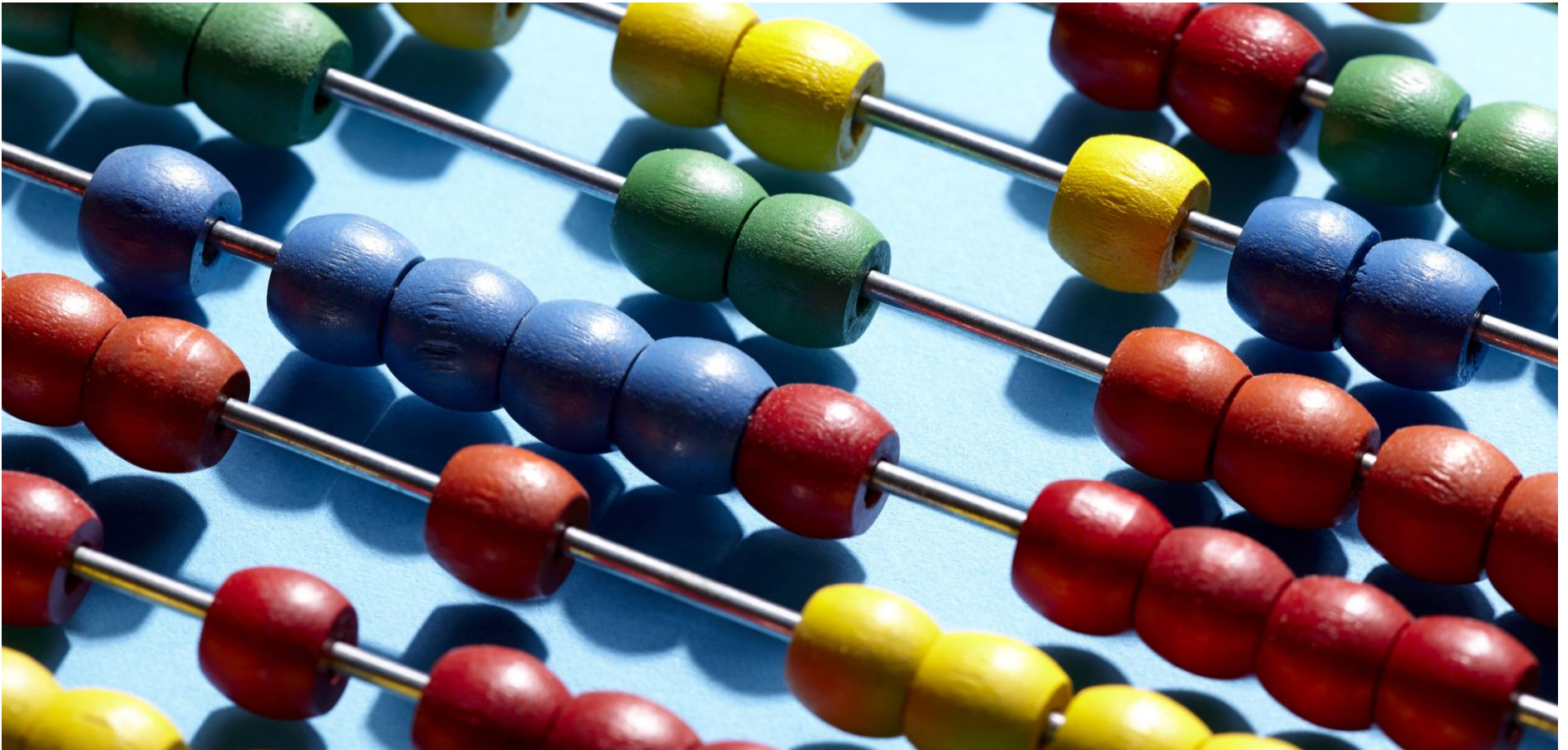
Identifying members

- Item on the next FTWG meeting to discuss Matthews data, particularly for those FRAs who are struggling to identify members – suggestions will be collated and shared.

Provisional enrolment

- We will be feeding back to HO the response to the 2015 amendment and ensure that all communication tasks are stipulated from the outset for the second options exercise.

Scheme valuations



2016 cost control valuation #1

Many public service schemes breached cost-cap floor at first valuation

- Mortality assumptions
- Pay increases
- 5.2% breach for FPS

SAB consulted with Home Office on reaching target cost

- Improved accrual rate (2019 > 2023 1/51.2)
- Early retirement factors
- Reduced contributions

Cost control mechanism paused
Jan 2019

2016 cost control valuation #2

Mechanism unpaused July 2020 – to include cost of remedy

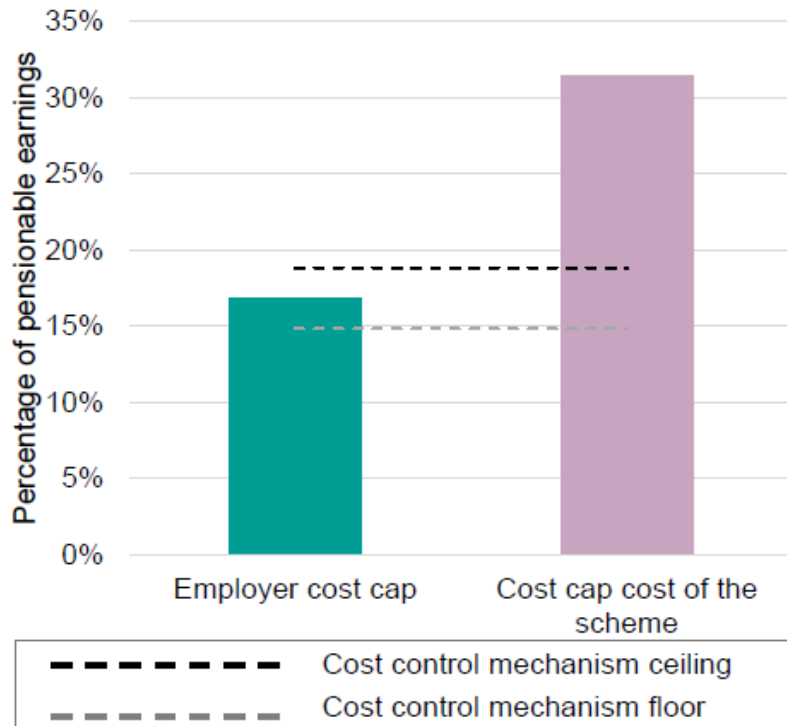
[HMT Amending Directions](#) published 7 October 2021 allowed cost control element of 2016 valuation to be finalised

Confirmed ceiling breach for Fire = 14.6%

PSPJOA 2022 legislates that ceiling breaches will be waived [[Section 93](#)]

Summary of results

This report has been commissioned by, and is addressed to, the Home Secretary and sets out the **cost control valuation results** of the Firefighters' Pension Scheme (England) as at 31 March 2016 (see Appendix A: Reliance for further details).



The **cost cap cost of the scheme** is **14.6%** above the **employer cost cap**.

This result lies above the +/-2% corridor specified in **HMT regulations**. The 2015 regulations require the Home Secretary to consult on the steps required to restore costs to the employer cost cap. However, a clause of the Public Service Pensions and Judicial Offices Bill amends section 12 PSPA 2013 (employer cost cap) so that ceiling breaches from the 2016 cost cap valuation have no effect. You may wish to take legal advice on the immediate actions required until the Bill receives Royal Assent.

The results of this cost cap valuation are not used to set the employer contribution rate. HMT has confirmed that changes to the employer contribution rates resulting from the 2020 valuations will take effect from April 2024.

The **employer cost cap** was determined at the 2012 valuation in accordance with [section 12 of Public Service Pensions Act 2013](#)



FBU (and others) Judicial Review

Permission granted 4 July 2022 for FBU and other public sector unions to challenge cost control mechanism

Challenge is against inclusion of remedy costs in the calculation

If JR successful, HMT would have to review decision to include remedy costs

No automatic right to backdated benefit improvements

Expected to take place towards the end of the year

Cost control mechanism consultation

Followed Government Actuary's review

Consultation response published 4 October 2021

All three recommendations made by GA will be adopted:

- Reformed scheme only (past and future service)
- Widened breach corridor from +/-2% to +/-3% of pensionable pay
- Economic check

NB: Discount rate response still awaited

2020 valuation

Government aiming to implement all three proposals on cost control

FRA data collected and analysed – noted improvement in data quality

Early GAD engagement with SAB on scheme-set assumptions

Any changes to employer rates effective from April 2024

Valuation assumptions



Demographic (scheme-set – Home Secretary)

- Mortality
- Retirement ages
- Commutation
- Promotional pay increases
- Survivor benefits



Financial (directed – HMT)

- Discount rate
- Salary increases (pay awards)
- PI/ CARE revaluation
- State pension ages
- Deficit spreading periods

Valuation resources

- Consultations and responses available here:
<https://www.fpsboard.org/index.php/board-publications/consultations>
- Valuation documents held on this page:
<https://www.fpsregs.org/index.php/regulations/scheme-valuations>
- [FPS coffee morning presentation \(First Actuarial\)](#) – valuation overview

Home Office/ SAB engagement



Provision Definition Documents

The provision definition documents (PDDs) that define the provisions of the PSPJOA for each area of the 2015 Remedy are now being finalised and will inform the retrospective secondary legislation

This includes establishing the deferred choice underpin (DCU) and the changes needed to offer pensioners and beneficiaries of deceased scheme members an immediate choice between legacy or reformed scheme benefits

Central PDDs developed by HMT/ Responsible authorities via cross-Whitehall working group

The Home Office is engaging informally with the SAB on scheme specific versions – joint sessions with Fire and Police – ahead of formal consultation early 2023

Timetable

Policy topic 1	Policy topic 2	Date
Eligibility	Interest	24 June
ABS/ RSS	IC, DCU, defaults	27 July
Added Pension	Ill-health retirement	24 August
Transfers	CETV/ Divorce	23 September
Early/ late retirement	Abatement	12 October
Contingent decisions	Bereavement	9 November
Contributions/ compensation	Tax	15 December

Any questions



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Thank you for listening!

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