

Report To:	Warwickshire Fire & Rescue Local Pension Board of the Firefighter's Pension Scheme
Report Title:	Current Pensions Issues - Update
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Date:	21 July 2020

Decisions Required	<input type="checkbox"/>	Endorse Recommendations	<input type="checkbox"/>	For Information	<input checked="" type="checkbox"/>
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1.	Recommendations
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1. The Recommendations of this report are:	
No.	Recommendation
R01	That the Board notes the report updates provided

2. Purpose of Report

- 2.1 The report gives details of issues affecting the service in relation to pensions expenditure and also to costs that could affect the pensions fund.

3. Executive Summary

- 3.1 This report contains updates on the following areas:
- FPS England 2020 Valuation
 - Protected Pension Age (PPA)
 - Annual Benefits Statements
 - Raising Tax Awareness
 - Administration Strategy Consultation
 - Transitional Protection Pensions Claims
 - Pensionable Pay challenge – On Call Firefighters
 - Fire Administration Update
 - Pension Board Membership

4. Conclusions

- 4.1 Further updates will be provided in the next report as all issues are ongoing at present.

5. Analysis

5.1 FPS England 2020 Valuation

- 5.1.1 On 3 June 2020 the Government Actuaries Department (GAD) released the final data specifications for the 2020 valuation which have a deadline for the submission of data of 31 December 2020.
- 5.1.2 The software supplier for Pensions administration, Heywood, have developed a reporting tool which should extract all the information required and format it so that it can be uploaded to the GAD portal.

5.2 Protected Pension Age (PPA)

- 5.2.1 Due to Covid-19 the PPA tax rules were relaxed from 1 March 2020 to 1 June 2020. This has now been further extended until 1 November 2020.
- 5.2.2 The government has temporarily suspended tax rules that would otherwise give rise to significant tax charges to pension income received by recently retired individuals aged between 50 and 55. The relaxed rules apply to any public sector workers who returned to help support the Covid-19 response. This change, taken alongside complementary changes to rules for relevant public service pension schemes (subject to relevant HM Treasury agreement), will help ensure individuals' pension income will remain protected if they return to work at this important time.
- 5.2.3 It is the responsibility of the employer to ensure the correct rules are followed regarding PPA. Where a person is re-employed due to Covid-19, this should be clearly documented and shared with the board.

5.3 Annual Benefits Statements

- 5.3.1 Due to the ongoing age-discrimination tribunal and imminent arrival of the remedy consultation, the Fire Communications Working Group (FCWP) led by the Local Government Association (LGA) have provided a statement to go out with annual benefit statements to confirm that projections will still be included based on the current regulations. This is because any changes required to the software system as a result of the remedy consultation will not have been done before the Annual Benefit Statements are produced for 2020. The wording that will be used on the Annual Benefits Statements can be found at Appendix 1.

5.4 Raising Tax Awareness

- 5.4.1 The importance of communicating potential tax issues has been discussed at a recent meeting (FCWG) and standard wording has been provided, that should be included in job advertisements, this wording can be found at Appendix 1.

5.5 Administration Strategy Consultation

- 5.5.1 The Scheme Advisory Board (SAB) have made a recommendation following the

administration and management review conducted by AON, to development and implement a pension administration strategy.

5.5.2 One of the key proposals is that the strategy should include key performance indicators and expected timescales for completion of certain processes. A draft administration strategy has been created by (FCWG) and has been circulated to stakeholders for consultation which ends on 31st August 2020.

5.6 Transitional Protection Pensions Claim (McCloud/Sergeant case)

5.6.1 As reported previously, following the Court of Appeal's determination that the transitional provisions in the Firefighters' pension schemes resulted in direct age discrimination the next date for a remedy update is Friday 17 July.

5.7 Pensionable Pay challenge – On Call Firefighters

5.7.1 There is no further update to the position reported to this Board in February 2020.

5.8 Fire Administration Update

5.8.1 To progress the work on outsourcing Fire Pensions it has been agreed that supplier engagement will take place ahead of the tender process to ensure that we can obtain a better understanding of what services can be provided. A questionnaire has gone out to all fire Administrators regarding expressions of interest for undertaking the Firefighter Pension Schemes administration and pensioner payroll.

5.8.2 Within the project plan for the outsourcing arrangement it is expected that we will go out to tender in August with a view to awarding the contract in October 2020.

5.8.3 Work is ongoing to produce the annual benefits statements which are due to be sent out by 31 August 2020.

5.9 Pension Board Membership

5.9.1 It is understood that the current Chair of this Board would like to step down and therefore a replacement would need to be found. Whilst this will lead to a formal selection process for a replacement in due course, talks are ongoing with appropriate existing contacts to highlight the position's availability and assess potential interest.

6. Financial Implications

The financial implication of each issue is discussed in the analysis above.

7. Appendix

Appendix 1 - The Wording to be used in Annual Benefit Statements and Job Advertisements

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Annual Benefits Statements

On 20 December 2018, the Court of Appeal ruled that the transitional arrangements introduced as part of the 2015 reforms to the Firefighters' Pension Scheme were discriminatory and, therefore, unlawful. Following this ruling, the Government accepted that all public service pension schemes were similarly affected and is currently working on removing discrimination from the schemes for all affected members. This work is complex and is going to take some time. More information can be found in written statement HWS187, which was released on 25 March 2020. As yet, there is still uncertainty around the final approach to removing discrimination and for this reason it has not been possible to reflect the impact of the ruling in your ABS this year.

You will therefore receive an estimate of the benefits built up in your current scheme membership to 31/03/2020 and a projection of benefits based on current scheme regulations to the normal pension age for the current scheme you are a member of.

Job Advertisements

Annual Allowance: Please note that it is your personal responsibility to check whether by applying/accepting this position it would result in any Annual Allowance implications. A breach in the Annual Allowance threshold could result in a Tax charge. Further information on Annual Allowance can be obtained from our Pensions team.

Lifetime Allowance: Please note that it is your personal responsibility to check whether by applying/accepting this position it would result in any Lifetime Allowance implications. A breach in the Lifetime Allowance threshold will result in a Tax charge. Further information on Lifetime Allowance can be obtained from our Pensions team.

Temporary Promotions/Positions: Please note that any period of 'temporary', whether that is by way of promotion or allowances associated with a temporary position, will be treated as non-pensionable.