

Firefighter Pensions Technical Community

Minutes
10 April 2018
18 Smith Square, London

Attendees:

North East Regional Group

Helen Scargill, West Yorkshire Pension Fund
Dave Hood, Kier
Sam Douglas, SPPA
Ewan Riddell, SPPA

South West Regional Group

Matt Davis, Cornwall County Council
Kate Shore, Avon Pension Fund
Aled Williams, Carmarthenshire County Council

Eastern Regional Group

Neil Lewins, LPP

North West Regional Group

Penny Wright, Greater Manchester Fire

South East Regional Group

Claire Neale, Hampshire Council Council

Midlands Regional Group

Elena Johnston, Leicestershire County Council

Software providers

Julie Potter, Civica
Karl Bescoby, Aquila Heywood
Catherine Carruthers, Capita

Government departments

Phil Perry, Home Office

Scheme Advisory Board

Malcolm Eastwood, SAB
Clair Alcock, LGA
Claire Hey, LGA

1) Apologies for absence

Jillian Malkin (SPPA)
Steven Moseley (LPP)
Claire McGow (SPPA)
Toni Sawkins (LPP)
Tara Atkins (West Sussex)
Rachael Salisbury (Oxfordshire)
Martin Reohorn (H&W)
Jacqui Todorov (NI)
David Golding (Essex Pension Fund)

Everyone was welcomed to the meeting and housekeeping items covered.

2) Minutes of last meeting

- a. Minutes agreed.

3) Technical Group chair

- a. No nominations were received, so agreement was sought from the group to elect Helen Scargill (HS) for a further three year term as both the Technical Group chair and technical adviser to the SAB.
- b. All agreed.

4) Updates:

a. Outstanding issues with HMRC (Clair Alcock (CA))

Tax on retained injury/ ill health

- i. No update in terms of HMRC treatment of claims for tax refunds for special members of the 2006 scheme. However, HMRC are liaising with the Home Office and a position is expected soon.
- ii. With regards to taxation of the ill-health pension paid under part 8, rule 2, it is an individual FRA decision on how far back to refund; the HMRC position is four years only. HS confirmed that HMRC consider the whole tax position of the FF when a claim is received, so the individual may not get a refund of the full amount paid.

Contribution holiday

- iii. This item is now completed. Guidance was issued via [appendix 7](#) to FPS Bulletin 1.

NIC refunds – Modified Scheme

- iv. The simplified process for claiming NIC refunds was confirmed in [Bulletin 2](#). SPPA confirmed that Michael Appleby from HMRC is visiting the Agency and has drafted a paper which they will forward to CA.
- v. The exercise will need to be completed by the end of 2018 in line with scheme reconciliation.

b. Home Office update (Phil Perry (PP))

- i. PP confirmed it is hoped that consultation on the next round of SIs will start next week.

The draft SI will respond to the Brewster case by removing the requirement to nominate for a survivor pension in FPS 2006, remove the unintentional block on cross border transfers to FPS 1992, and address the lack of reference to PI on split pensions.

- ii. PP also confirmed that Home Office would be amending the regulations as a result of the outcome to the Walker v Innospec case, where it relates to civil partner/ same sex marriages). Work on this is at a far earlier stage, being more complicated than Brewster, but hopefully will have limited impact on FPS. Timescale for this second piece is the end of year/ beginning of next latest. The SI is being combined with a Police amendment, which is more complex and therefore delaying consultation.
 - iii. CA checked around the table for any Walker or Brewster cases administrators are aware of. It was confirmed that there are no reported cases. Therefore it is expected that for the Firefighter Pension Schemes, there are no members of the Firefighters pension scheme who are affected and the amendment of the regulations will be a technical update only and will require no action.
 - iv. PP confirmed that information about the top-up grant will soon be requested, so FRAs need to register on Delta. Advance notice was given on 28 March, go live date is 17 April and the deadline is 18 May.
- c. Scheme Advisory Board (SAB) (Malcolm Eastwood (ME))
- i. ME confirmed that the SAB is making good progress, particularly around supporting Local Pension Boards (LPBs), and reminded the group that training is available through LGA. ME highlighted the work of the three SAB sub-groups (cost, administration and LPB effectiveness) and asked for any feedback on the work of the Board.
 - ii. Responsibility for the Pension Dashboard project has moved from HM Treasury to DWP. Views were requested from stakeholders at a dashboard event which ME attended, ME felt that DWP appear to be listening to concerns regarding Public Service schemes, and there are indications that there will be a watching brief for public service schemes. Concerns for unfunded schemes are that there will extra costs for participating in the dashboard that will fall directly on employers, therefore this is being monitored closely,
 - iii. ME highlighted forthcoming events and the both the SAB and Admin websites, also the [results](#) of the recent LPB survey which are available on the Board site.
 - iv. ME remarked that The Pensions Regulator (TPR) is taking a firmer stance, and expressed a desire not to see FPS 'named and shamed'. The Governance and Administration survey results have improved from last year, but there is still work to be done.
 - v. ME noted that Annual Allowance (AA) issues are reported to affect recruitment, retention, and motivation at FRAs. This is of a concern to Professional bodies who are considering what can be done to mitigate unintended consequences.

d. Communications group (Claire Hey (CH))

- i. CH provided an update to the group based on the draft minutes of the last FCWG and gave a demonstration of the FPS Regulations and Guidance website www.fpsregs.org including the member log-in area, which holds all minutes and paperwork relating to the group.
- ii. Members were asked to email the LGA team to request log-in credentials. Paperwork for future meetings will be made available online, rather than distributed by email.
- iii. Members of the group commented on how useful the websites were and complimented Claire Hey on the work done to achieve this.
- iv. Feedback on the websites has included

“Just taken a walk around the fpsregs website and just wanted to say it’s FAB

I like that the GAD guidance is all in one place and I really like the fact that you’ve given a brief description on each of the amendment regs so you can see how the schemes have moved over time. This must have taken a huge amount of effort and I just want to thank you, it’s really appreciated and so much easier than the kHub. “

“I just wanted to send you a quick note about the FPS Bulletins and Regs website.

All I can say is ‘THEY ARE BRILLIANT!!’

Firstly, the bulletins are very informative and are a fantastic reference on the issues that FRA’s/Administrators need to be made aware of.

Secondly, the website is amazing! It is so nice to have everything in one place, I am so fed up with searching for documents, this is going to make life a lot easier. Thanks you so much, keep up the good work and finally a big well done!”

“the website looks very good.”

“the new website is looking good, and has been well received by my team”

e. Voluntary Scheme Pays (VSP) (CA)

- i. CA asked for any feedback on the [VSP guidance](#) that was issued with bulletin 4. Pension Saving Statements (PSS) are not legislatively required for members with tapered AA or retained FFs. Issues such as this should be considered now in order that the guide can be updated in time for PSS deadlines.

f. Scheme-specific date requirements (CA)

- i. CA outlined the new requirement for schemes for provide data scores for common and scheme-specific (conditional) data on their scheme returns to TPR this year. The SAB Administration and Benchmarking committee in collaboration with the other PS schemes at LGA will be producing a standard list of items for FPS to use. Volunteers are sought for a working group, the date for the first workshop will be set within the coming weeks.

5) Technical queries

a) Application of two-pot pension rule for survivor benefits where a member is in receipt of a pension from the 1992 scheme and 2015 scheme benefits are deferred

- i. A query was posted to khub on the application of scheme rules for an unmarried 1992 transition member of the 2015 scheme - what survivor benefits would be paid to an unmarried member of the 1992 scheme, who will transition into the 2015 scheme about 18 months prior to retiring at 30 years' service, if they retire and begin to draw 1992 benefits but, before 2015 benefits become payable?
- ii. Where the member has retired from the 1992 scheme, but defers the 2015 scheme benefits, the survivor's pension would be calculated under the relevant rules of **each** scheme.
- iii. Therefore, if a member were to die whilst a retired member of the 1992 scheme and a deferred member of the 2015 scheme, then a pension would only be paid to a spouse or civil partner from the 1992 pension, and a [surviving partner](#) from the 2015 scheme.

iv. The group agree with the definition within the regulations.

b) Survivor pensions – orphaned children's pension

- i. A query was received on the application of the orphaned children's pension rules of the 2006 & 2015 schemes. The wording of regulation [90](#) in FPS 2015 appears to be clear that the pension is paid in addition to the child's standard pension. However, there is some ambiguity in the wording of the 2006 regulations, as to whether the pension paid under [Part 4, Rule 10](#) is in **addition or instead** of the pension they are entitled to in [Rule 8](#).
- ii. Catherine Carruthers (CC) confirmed that page 14 of the 2006 scheme booklet, dated 2008, states that this pension is paid in addition. CA agreed that the 2015 regulations are more definitive.
- iii. **The consensus of the group is that the Part 4, Rule 10 pension should be paid in addition.**

c) Spouses pension on early retirement from 2006 & 2015 scheme

- i. A query has been generated on application of the survivor pension regulations for members of FPS 2006 [\[Part4, Chapter 1, Rule 2, Para 3\]](#) and FPS 2015 [\[Reg 80, Para 4\]](#) who have received an actuarially reduced pension.
- ii. Although the 2015 rules do not go into as much detail as the 2006 scheme, the same principles should follow. This has raised a question over the interpretation of the calculation detailed in the 2006 regulations:

where a portion of the deceased's pension had been commuted, the amount found by dividing by 2 the product of A and B, where—

- A is the amount which the deceased would have received if there had been no actuarial reduction; and
- B is the fraction which represents the uncommuted portion of A expressed as a fraction of A.

- iii. The group were asked to comment on which of the below calculations follows the intention of the regulations.
- iv. Calculation 1 assumes that the amount of commutation deducted from the spouse's pension is the same as deducted from the member's pension, and it is just the actuarial reduction that is not counted.

Unreduced Pension at early retirement	=	£14,815.07
Less reduction for early retirement	=	£5970.47
[£14,815.07 - £5970.47]	=	£8844.60
Less 25% commutation [£8844.60 × 0.25]	=	£2211.15
Total Pension in Payment	=	£6633.45
Unreduced pension at early retirement	=	£14,815.07
Less original commutation amount	=	£2,211.15
[£14,815.07 – £2211.15]	=	£12,603.92
Divided by two [£12,603.92 ÷ 2]	=	£6,301.96
Total Spouses Pension	=	£6,301.96

- v. Calculation 2 disregards the actuarial reduction for both the pension and the percentage commutation.

Unreduced Pension at early retirement	=	£14,815.07
Less reduction for early retirement	=	£5970.47
[£14,815.07 - £5970.47]	=	£8844.60
Less 25% commutation [£8844.60 × 0.25]	=	£2211.15
Total Pension in Payment	=	£6633.45
Unreduced pension at early retirement	=	£14,815.07
Less 25% commutation [£14,815.07 *0.25]	=	£3,703.77
[£14,815.07 – £3,703.77]	=	£11,111.30
Divided by two [£11,111.30 ÷ 2]	=	£5,555.65

Total Spouses Pension = **£5,555.65**

- vi. CC stated that calculation 2 gives the correct result as 'A' and 'B' are not treated equally in calculation 1. CA highlighted that the calculation is needed primarily for ABS, and will have limited application in real life. Julie Potter (JP) added that the ABS should just reflect half of the unreduced pension, as any commutation option is not known at this point.
- vii. Both Altair and UPM perform in line with calculation 1, therefore reprogramming is needed. Capita has not been checked. Karl Bescoby (KB) confirmed that the fix will be in Altair before ABSs are run.
- viii. Calculation 2 was agreed by the group.
- ix. Civica have confirmed, post-meeting, as follows:

"After reviewing the Civica Active Retirement and Death in retirement Calculation Specifications, and recreating the scenario described in the attached document I can confirm that the data written back from the original Active Retirement Calculation allows the Death in retirement Calculation to correctly return in this example a Spouse's Pension of £5,555.65 per annum."

d) Pension Sharing Credit for transitional members

- i. Informal agreement was reached with the Home Office that a Pension Credit member does not receive transitional protections, therefore the credit is applied in the 2015 scheme despite the debit being calculated across both schemes. This opinion was detailed in [Bulletin 3](#). However, further views are now being sought on the legislative background.
- ii. CC confirmed that the guidance is held within the PSPA relating to connected schemes. A query relating to the Police scheme has confirmed that partial benefits cannot be transferred, therefore this translates across to CETVs for divorce. CC added that a member cannot request a pension share against one part of benefits. A court can order this, but the CETV **must** be calculated across both schemes - all or nothing in disclosing pension rights.
- iii. Written feedback was received from Toni Sawkins (TS) to state that the credit should be split, agreed by Steven Moseley (SM). SM has put together a list of relevant overriding regulations which Neil Lewins (NL) will forward to LGA. NL is aware of HMRC Q&A stating that the schemes are separate, but CC advised this has since been retracted.
- iv. HS noted that the transitional debit member is in the 2015, but has protection. No protections are available for the ex-spouse.
- v. CC remarked that it would be good to have further advice. If administrators can establish why all transfer liability must be discharged together, this could be the key to unlocking background. CA has already asked the other PS schemes how they treat transitional pension shares. A consistent view supported by evidence is needed. In order to progress the query further, either a firm opinion or lack of agreement is needed from the group.

- vi. KB asked where further advice can be obtained from. CA to take forward with HO and PSPS forum. CC to contact Stephen Fry regarding date of next meeting.

- e) Issues arising from combining pension service in the Firefighter Pension Schemes
- i. The communications group have agreed some broad principles on the combining of service within FPS and produced a draft guide which was circulated in advance of the meeting. Views are being sought from the Technical Group initially on two specific queries relating to FPS 2015 members who have a deferred FPS 1992 record, and join the FPS 2015 with a gap in service of less than five years.
 - ii. The first is what happens if the final pensionable pay at retirement calculates a lower pension than the original deferred benefit with PI. Should a 'better off' calculation be applied and the member given the higher benefit i.e. DB with PI or re-calculated on FPP at retirement? And if so, on which basis as the regulations do not appear to give any guidance on this.
 - iii. CC highlighted regulations 33 and 34 of [The Firefighters' Pension Scheme \(England\) \(Transitional and Consequential Provisions\) Regulations 2015](#), plus Schedule 7 of PSPA2013. HS added that protection cannot make a member worse off and the split pension principle should be applied.
 - iv. CA asked whether the group were happy that there is enough within the regulations to allow comparison of FS link with PI. Although PI is not specifically mentioned, the principle applies. The group agreed that this is the intention of the regulations.
 - v. CC commented that under regulation 5, sub-para 1 of the above, a member with a gap of less than five years can re-join the 1992 scheme as they are considered to have remained an active member. In the Police schemes, the policy intention was to prevent members completing 30 years, opting out and joining the 2015 scheme to build up further benefits. In FPS 1992 a member is only treated as not having protection if they retire and draw benefits under Schedule 2.
 - vi. CA remarked that regulation 35 discounts this and the member can re-join FPS 2006 only, if they are a protected member. Supporting evidence will be provided. The FS protection still applies to the 1992 benefit, but the membership is treated as deferred.
 - vii. The second query relating to the guide is if the deferred FPS 1992 record was held with another FRA, should the liability for the deferred benefit either:
 - stay with the previous FRA with a flag to say that it has a partner FPS 2015 active account elsewhere, so that the new FRA will need to advise the FRA holding the DB of the revised final salary pay when the member finally leaves or retires from FRA 2, or;
 - move it all to the new FRA who will need to hold a liability for a DB built up under another FRA.
 - viii. CA promoted the importance of establishing a consistent way of working and of holding these details on the admin system. The general opinion of the group was that the new FRA should hold liability. After seeking agreement, discussion is needed with software suppliers to determine any new fields

required. A small working group will be formed with KB, JP, WYPF plus an Altair client.

- ix. HS queried in the above scenario how growth is treated for AA purposes, for an 'active deferred' member. CC responded that the deferred pay plus PI would be compared against current FS benefits and the AA calculation only performed if necessary. CS raised a further query regarding the treatment of weighted accrual.
- x. CA highlighted the [guide](#) showing an example of how to calculate AA for transitional members, and the bigger problem around AA for active deferred and retained special deferred members paying by regular contributions. KB asked whether there would be any knock on effects on ill-health or death benefits to be aware of.
- xi. CA noted that the draft guide will move between the communications and technical groups as a living document. HS added that it will take some time to finalise due to the level of complexity.
- xii. CA informed the group that legal advice is being procured through the SAB, and the technical meetings will be used a forum to establish the right questions that need to be asked.

6) Review of action summary

- i. CA pointed out that a new area for items to be monitored only has been created. New items raised today will be added. The action summary can be a useful resource in addressing queries that have previously been asked and answered.
- a. GMP Reconciliation
 - i. CA asked the group where they are in the process. The Home Office are moving the overpayment issue forward with HM Treasury. Generally PS schemes are recommending that overpayments are not collected, although this will be a ministerial decision which has not been made yet for FPS.
 - ii. CA attends meetings with HMT to provide updates on progress by schemes. Penny Wright (PW) asked whether schemes are expected to correct errors, even though potentially not collecting overpayments. CA confirmed. SPPA have completed their reconciliation, including corrections.
 - b. Scheme pays guidance
 - i. CC will forward 2015 regulation amendment to CA which negates issue of unauthorised payments.
 - c. Split Pension PI
 - i. All agreed that guidance is being applied. Confirmed by PP that amendment will be included in the next SI.

d. Pension Credit – Trivial Commutation

- i. CA has forwarded all available information to the Home Office. Hopefully this will be corrected in the next SI.

7) Regional Fire Pension Officer Groups Update

- a. Midlands – Elena Johnston (EJ). CH attended the meeting to provide an LGA update on bulletin items and technical group, including the FPS AGM, launch of SAB website, tax seminars, and the age discrimination appeal. Martin Griffiths (MG) provided a communications update on the ABSs and aggregation guide, plus an outline of GDPR. Combining benefits and taxation on pensions was discussed, along with an update on a combined newsletter. Next meeting 27 April 2018.
- b. Eastern – NL. CA attended from LGA. ITM gave a presentation on GDPR. The following items were discussed: valuation and discrimination cases, communications, scheme reconciliation, potential change to one stage IDRPs, ABSs and scheme pays. Next meeting 5 June 2018.
- c. North West – No representatives from the NW group were available to give an update, as PW attended the last meeting of the NE group.
- d. North East – HS. CA attended to provide updates from the technical and communications groups including the following: LPB survey results, ABSs, GDPR, IQMP ill health forms (one form or suite of forms). Also, bulletins, training events, SAB, the FPS AGM, HMRC issues relating to NI, tax and the contribution holiday. The group discussed how LPBs are working at FRAs, tax training, and the implications of promotions and new duty systems with allowances. Next meeting 15 May 2018.
- e. South West – Matt Davies (MD). CH attended from LGA. It is an increasingly small group and the future of the group was discussed, but is still felt to be useful. Issues covered included bulletins, communications and technical group updates, scheme reconciliation, LPBs, GDPR, and practitioner training. The exclusion of valuation data was raised, with the hope that this will be picked up with GAD.
- f. South East – Claire Neale (CN). CA attended to provide the LGA update. Much the same topics as the other regional groups were discussed, with particular focus on ill health and injury certificates, Brewster and Walker, and the effect on VSP of PCC mergers. Next meeting 30 April 2018.

8) AOB

a. Payment of overseas pensioners

- i. PW asked how other administrators pay overseas pensioners, as GMFRS are charged £15 per transaction using their current means and do not recover costs.
- ii. LPP, SPPA, Avon and Cornwall use Western Union. Aled Williams (AW) confirmed that Carmarthenshire also use Western Union as the service includes existence checks due to the pensioner having to collect the money. There were some initial problems when first introduced, but things have now settled. Overall Western Union is recommended.
- iii. Hampshire use Citibank and get the pensioner to pay the £2.74 transaction charge.
- iv. HS is not aware how WYPF pay the pensions overseas, but confirmed that they are looking into a Skype solution for existence checks, due to pensioners being charged for having certificates signed.

b. ESA deductions

- i. CA asked if any queries had been received regarding the deduction of Universal Credit (UC) from injury benefits. The UC is completely unrelated to the injury, but there has been conflicting information about UC rolling up to include ESA.
- ii. CA will pick up with CC. The Gov.uk site states that income related ESA will become new style ESA. Individuals can receive both, as they are separate payments within legislation that fall within different tracts. DWP have however confirmed to one Police force that they will both be paid under banner of UC. Administrators cannot then identify which amount relates to what.

c. GDPR

- i. CA has emailed HMRC, GAD, and the Home Office regarding a statement of compliance for FRAs to use. HMRC have replied to confirm there is nothing to publish as yet, but it is being worked on. Jayne Baldock at the Home Office will speak to their data team.

d. Tell Us Once

- i. ME asked for views on the Tell Us Once service, on behalf of Hampshire FRA. This has previously been discussed and discounted by the group.
- ii. CC confirmed that Police and Fire chose not to be involved in initial project, which was subsequently funded by LG, TP and NHS. There would be an additional cost now to sign up. Some LG funds have not on-boarded although they have paid for service. LGPS have a data agreement for a shared database, which is hosted by South Yorkshire. Something similar would be needed for Fire if this was pursued.

- iii. Sam Douglas (SD) confirmed that it is used in Scotland for TP and NHS.
- iv. NL advised that it only works if the deceased individual has a passport, and queried whether there is any way this could tie in with dashboard project. To be raised with DWP. CA to pick up Lorraine on the LG team and can discuss further at the next meeting if demand exists.
- e. ME noted on a final point that the tax awareness seminars were very successful and the SAB are discussing provision of high level administrator training.

9) Date and place of next meeting

- a. GMFRS have offered to host the next meeting in late June/ early July, on a separate from the CLASS AGM. PW to book a venue and date.
- b. The cycle of three annual meetings was agreed as two in London (one to coincide with the FPS AGM) and one regional.