



Purpose: For Noting

# Committee report

Committee	<b>ISLE OF WIGHT FIRE AUTHORITY FIRE PENSION BOARD</b>
Date	<b>10 MARCH 2021</b>
Title	<b>LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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## EXECUTIVE SUMMARY

1. Information contained in this report has been taken from the reports to the Hampshire Fire and Rescue Authority (HFRA) Hampshire Firefighters' Pension Board for their meeting on 27 January 2021, supplemented for subsequent bulletins.
2. LGA issue a bulletin at the end of each month; there have been five bulletins issued since the last Fire Pension Board report. The bulletins are emailed out to a variety of contacts but can also be accessed via the [www.fpsregs.org](http://www.fpsregs.org) website.
3. FPS Bulletins 37 to 42 can be found in APPENDICES 1 to 6. There is a lot of information contained within these bulletins; the key items are set out below.

## IMMEDIATE DETRIMENT INFORMATION REQUEST (BULLETIN 37)

4. The Scheme Advisory Board (SAB) wanted to understand what percentage of the FPS 2015 membership within the Immediate Detriment category are likely to be affected by complicating factors such as divorce or transfers, this is because there is no guidance and policy intention is not known for these areas.
5. The SAB sought information on the number of members who are likely to become eligible for Immediate Detriment between now and March 2022. This information was to be split between claimants and non-claimants.
6. It should be noted that the Isle of Wight Fire Authority has no immediate detriment members.

## INCREASE IN MINIMUM PENSION AGE (BULLETIN 37)

7. On 3 September 2020, in an answer to a Parliamentary question, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate in due course.

8. This change will apply to all schemes, aside from those in the public sector that do not link their normal pension age to State Pension Age, namely Firefighters, Police and Armed Forces.

#### SAB LEVY 2020-21 (BULLETIN 37- 40)

9. In 2014, FRAs entered a shared arrangement to fund a technical adviser post to support FRAs with their understanding and management of the Firefighters Pension Schemes. The employers' voluntary subscription is included in the final levy.
10. The total levy for the 2020-21 year will be £8.29 per firefighter, which is calculated at £6.20 for the SAB and £2.09 for employers.
11. This levy is important to ensure that we continue to receive support and information from the LGA which helps to achieve a national consistency.

#### PROTECTED PENSION AGE (BULLETIN 39)

12. Members retiring under the age of 55 with a pension from the 1992 Fire Pension Scheme have a Protected Pension Age (PPA), meaning that they need to have a one-month break before being re-employed to retain their PPA. The purpose of PPA and the gap is so that the member does not face tax charges of potentially up to 70% of their lump sum and annual pension.
13. Between 1 March 2020 and 1 November 2020, HMRC eased the tax rules around PPA where a re-employment was in relation to Covid-19. The easement meant that a firefighter fulfilling the criteria, would not need to have a one-month gap to retain their PPA. HMRC have confirmed that there are no plans to extend this easement beyond 1 November 2020.

#### COMPENSATION SCHEME – QUALIFYING INJURY (BULLETIN 39)

14. The Home Office were asked to provide clear assurances that any firefighter who dies of Covid-19 will be recognised as having died from a qualifying injury. The Home Office have confirmed the following statement:

*“The Home Office is unable to provide such assurances as this would interfere with the established legal process for determining an entitlement to awards payable under the Compensation Scheme and may set unhelpful future precedents. The responsibility for making such decisions rests with the employing FRAs, who are best placed to consider the relevant facts in each case.*

*FRAs should note that the IQMP guidance for the firefighters' pension schemes and compensation scheme clearly sets out the processes that employers should follow when making a decision on scheme members' ill- health / injury / death entitlements. Paragraph 3.27 of the guidance sets out that when a case is being referred to an IQMP the employing FRA should state whether or not they accept that the injury / death being considered should be treated as a qualifying injury. This process allows employing FRAs to provide their views on whether any firefighter's death should be treated as a qualifying injury. As explained above, employing FRAs are best placed to consider the detailed facts in each case in order to make these decisions.”*

#### AGE DISCRIMINATION (McCLOUD / SARGEANT) REMEDY (BULLETIN 42)

9. On 4 February HM Treasury (HMT) published its consultation response on changes to the transitional arrangements to the 2015 public service pension schemes. The response confirms that discrimination will be addressed in two parts.
10. To remove future discrimination from the schemes and ensure equal treatment, all remaining protected members who are not currently members of FPS 2015 will transfer into this scheme on 1 April 2022. This means that all future service for all members will build up in the reformed CARE scheme. Final salary benefits already built up are fully protected.
11. For benefits built up during the period of discrimination, 1 April 2015 to 31 March 2022, unprotected and taper members will be credited with final salary build-up in their original scheme. At retirement, all members will be able to keep their legacy final salary benefits or choose to receive the CARE benefits that they would have built up in the same period.
12. The Home Office will consult separately on changes needed to the Firefighters' Pension Scheme regulations to enact the remedy.
13. Scheme members do not need to take any action, as remedy will automatically be applied if they are eligible. All work in respect of the implementation of the remedy will be undertaken by the new Combined Fire Authority, based on data provided to the CFA by the Isle of Wight Fire Authority on transition.

#### FPS CONTRIBUTION RATES 2021-22 (BULLETIN 42)

14. Banded contribution rates were introduced to the Firefighters' Pension Scheme 1992 and the Firefighters' Pension Scheme (England) 2006 by Statutory Instruments 2012/953 and 2012/954 respectively. These rates have subsequently been amended each year by an amendment order to the schemes, the most recent of which listed the rates applicable from 2015-16 to 2018-19.
15. The Firefighters' Pension Scheme 2015 was introduced on 1 April 2015 by SI 2014/2848. Regulation 110 set out details rates applicable from 2015-2016 to 2018-2019.
16. For 2019-2020, FRAs were instructed that the 2018-2019 rates would continue to apply, due to the pause of the cost-cap mechanism. These rates will continue to apply for 2021-2022.

#### EXIT PAYMENTS CAP REVOKED (BULLETIN 42)

17. On 12 February 2021 the government issued the Exit Payment Cap Directions 2021 which disapplied parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect. As the Directions disapply regulation 3, the exit cap no longer applies in England with effect from 12 February 2021.
18. As the exit cap had very limited application for the Fire Pension Schemes, it is highly unlikely that any relevant exits would have occurred before the cap was disapplied.

19. The Isle of Wight Fire Authority did not make any redundancies of members of the Local Government Pension Scheme (LGPS) during the period where the exit cap was applicable, between 4 November 2020 and 12 February 2021.

RECOMMENDATION

20. The Board is asked to note the contents of this report.

APPENDICES ATTACHED

21. APPENDIX 1 - FPS Bulletin 37 September 2020
22. APPENDIX 2 - FPS Bulletin 38 October 2020
23. APPENDIX 3 – FPS Bulletin 39 November 2020
24. APPENDIX 4 - FPS Bulletin 40 December 2020
25. APPENDIX 5 - FPS Bulletin 41 January 2021
26. APPENDIX 6 - FPS Bulletin 42 February 2021

BACKGROUND PAPERS

27. LGA Fire Pensions website  
<http://www.fpsregs.org/>
28. Hampshire HFRA Fire Pension Board meeting 27 January 2021  
<https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=196&MId=6616&Ver=4>

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