

CHESHIRE FIRE AND RESCUE SERVICE

MEETING OF: LOCAL PENSION BOARD – FIREFIGHTERS
PENSIONS SCHEME
DATE: 7 MAY 2019
REPORT OF: SCHEME MANAGER
AUTHOR: JILL SWIFT

SUBJECT: FIREFIGHTER PENSION SCHEME UPDATE

Purpose of Report

1. The purpose of this report is to provide the Pension Board with an update on current issues relating to the Firefighters' Pension Schemes.

Information

Membership Statistics

2. Membership statistics are detailed in Appendix A.

Firefighter Pension Scheme Bulletins

3. Any actions for FRAs outlined in the monthly LGA bulletins are monitored on the Action Log at Appendix B. Copies of the FPS bulletins issued since the November Pension Board meeting are included for reference.

Firefighter Pension Scheme Valuation and Cost Cap Process

4. Following the outcome of the McCloud and Sargeant age discrimination cases. The Government is currently seeking permission to appeal the ruling. As a result, HM Treasury announced in January that the cost cap rectification process would be suspended until the situation becomes clearer.
5. In FPS Bulletin 16, the LGA confirmed that there would be no changes to employee contribution or accrual rates. However, the employer contribution rates have increased significantly from 1 April 2019 to:

Scheme	ERs Contribution Rate	Previous Rate
1992 Scheme	37.3% (+15.6%)	21.7%
Modified Scheme	37.3% (+15.6%)	21.7%
2006 Scheme	27.4% (+15.5%)	11.9%
2015 Scheme	28.8% (+14.5%)	14.3%

6. This was communicated to members in the Green Bulletin and on the intranet in March 2019 and all payroll actions were taken to ensure the new rates were applied from April 2019.

Contracting-Out Reconciliation Exercise

7. CFRS are still currently in phase 2 of the project, which was due to conclude at the end of December 2018. However, HMRC extended the deadlines due to the volume of queries. XPS are currently liaising with HMRC on individual member queries in order to conclude the investigation phase of the project.

Phase 1 – Accessing the data and initial assessment

Phase 2 – Investigation of variances

Phase 3 – Reconcile

Phase 4 – Correct Scheme and HMRC data

8. In HMRC countdown bulletin 39, referenced in FPS Bulletin 14, employers were advised how to request the financial position of their schemes. Authority was given to XPS to request this information on behalf of the FRA by the deadline of 28 February 2019.
9. We are awaiting confirmation from HMRC on whether our scheme is in surplus or deficit. Bills or refunds were due to be issued in April 2019, however to date, the position for CFRS has not yet been confirmed. If the scheme is in surplus a refund will be received by 21 June 2019. If the scheme is in deficit, any balance due will be paid by 21 May 2019.

Surveys and Information Requests

10. Since November, FRAs have been asked to complete a number of different surveys and information requests. To date we have not received any feedback on the outcomes of these, but will update the Pension Board when the results are released.
 - TPR Governance and Administration Survey
 - ABS survey
 - Employer Benchmarking Exercise (undertaken by Aon)
 - Pension Administrator Benchmarking Exercise (completed by XPS)
 - Member benchmarking survey (undertaken by Aon)
 - Request for data regarding opt outs

Regulatory Updates

11. The Police and Firefighters' (Pensions etc.) (Amendment) (England and Wales) Regulations 2019 came into force on 1 April 2019. This amendment clarifies the application of pension increase to split pensions and removes the restriction from the 1992 and compensation schemes on using membership from April 1988 only in the calculation of a survivors pension for surviving civil partners and same-sex

marriage.

12. Initial checks completed by XPS indicate that CFRS are unlikely to have any members affected by the changes to survivors pensions.
13. Following the change to SCAPE factors in October 2018, the Government Actuaries Department has now confirmed factors for the following calculations. XPS have been notified of all changes.
 - Trivial Commutation
 - Added years/Added Pension
 - CPD
 - Tax Charge Debits
 - Non-Club Transfer In
 - Early and Late retirement
 - CETV and Pensioner Cash Equivalent (for Divorce Cases)
 - Pension Debit Adjustment and Pension Credit
 - Club transfers
14. The Public Sector Club Transfer Memorandum has been updated to reflect the updated transfer factors from 1 April 2019. The 'Club' is a list of public sector organisations. If members voluntarily transfer jobs between these organisations, they receive broadly equivalent pension benefits. This enables easier movement of staff within the public sector.

Financial Implications

15. There are no financial implications arising from this report.

Legal Implications

16. There are no legal implications arising from this report.

Equality and Diversity Implications

17. There are no equality and diversity implications arising from this report.

Environmental Implications

18. There are no environmental implications arising from this report.

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BACKGROUND PAPERS: NONE