



Agenda Reports & Other Papers

Presented to the
Meeting of the
Hertfordshire Fire Pension Board
on
Thursday, 25 July 2019

1. AGENDA

1 - 26

Agenda



AGENDA for a meeting of the HERTFORDSHIRE FIRE PENSION BOARD to be held in COMMITTEE ROOM A, County Hall, Hertford on THURSDAY, 25 JULY 2019 AT 10.00 AM

MEMBERS OF THE BOARD (4) - QUORUM (4)

Employer Representatives – T W Hone (Chairman), G Goodchild
Member Representatives – D Scotchford (Vice Chairman), S Joiner

STANDING SUBSTITUTE MEMBERS

Employer Representative – S Tant
Member Representative – D Cooper

Meetings of the Board are open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items would be taken at the end of the public part of the meeting and listed under "Part Two ('closed') agenda".

Committee Room A is fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

Members are reminded that all equalities implications and equalities impact assessments undertaken in relation to any matter on this agenda must be rigorously considered prior to any decision being reached on that matter.

Members are reminded that:

- (1) if they consider that they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting they must declare that interest and must not participate in or vote on that matter unless a dispensation has been granted by the Standards Committee;**
- (2) if they consider that they have a Declarable Interest (as defined in paragraph 5.3 of the Code of Conduct for Members) in any matter to be considered at the meeting they must declare the existence and nature of that interest. If a member has a Declarable Interest they should consider whether they should participate in consideration of the matter and vote on it.**

1. MINUTES

To confirm the minutes of the meeting of the Board held on 28 March 2019 as a correct record.

**2. LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT Q4**

Report of LPP

**3. VOLUNTARY SCHEME PAYS POLICY FOR FIREFIGHTERS PENSION
SCHEME**

Report of the Director of Resources

4. REPORT ON MCCLOUD AND SARGEANT AGE DISCRIMINATION CASE

Report of the Director of Resources

5. DATES OF FUTURE MEETINGS

The Board is invited to note the dates of future meetings, as follows:

25 September 2019: 10.00AM

19 December 2019: 10.00AM

31 March 2020: 10.00AM

22 July 2020: 10.00AM

6. OTHER PART I BUSINESS

Such Part I (public) business which, if the Chairman agrees, is of sufficient urgency to warrant consideration.

EXCLUSION OF PRESS AND PUBLIC

There are no items of Part II business on this agenda. If Part II business is notified the Chairman will move:-

“That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph.....of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

If you require further information about this agenda please contact Theresa Baker, Democratic Services, on telephone no (01992) 556545 or e-mail theresa.baker@hertfordshire.gov.uk

Agenda documents are also available on the internet at:

www.hertfordshire.gov.uk

**QUENTIN BAKER
CHIEF LEGAL OFFICER**

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Minutes



To: All Members of the Fire Pension Board, Chief Executive, Chief Officers, All officers named for 'actions' From: Legal, Democratic & Statutory Services
Ask for: Theresa Baker
Ext: 26545

HERTFORDSHIRE FIRE PENSION BOARD 28 MARCH 2019

ATTENDANCE

MEMBERS OF THE BOARD

Employer Representatives: T W Hone (Chairman), G Goodchild
Member Representatives: D Scotchford (Vice Chairman)

STANDING SUBSTITUTE MEMBERS

Employer Representatives: J Smith
Member Representatives: D Cooper

Upon consideration of the agenda for the Hertfordshire Fire Pension Board meeting on 28 March 2019 as circulated, copy annexed, conclusions were reached and are recorded below:

Note: For this meeting only the usual order of business was varied such that the chairman's announcements followed Items 1a & 1b: appointment of the chairman and vice chairman for 2018– 2019

PART I ('OPEN') BUSINESS

1a. APPOINTMENT OF CHAIRMAN

1a1 The Democratic Services Officer invited members to propose a nomination from amongst the employer representatives for the position of Chairman. T Hone was nominated by G Goodchild and seconded by D Scotchford. There were no other nominations. T Hone was duly appointed as Chairman for the Hertfordshire Fire Pension Board.

1b. APPOINTMENT OF VICE CHAIRMAN

1b1 The Chairman invited members to propose a nomination from

amongst the member representatives for the position of Vice Chairman. D Scotchford was nominated by D Cooper (substituting for S Joiner) and was seconded by G Goodchild. There were no other nominations. D Scotchford was duly appointed as Vice Chairman for the Hertfordshire Fire Pension Board.

CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Tristan Ashby CEO FRSA, Scheme Advisory Representative who was attending to observe LPBs in the eastern region; Toni Sawkins, Team Leader Fire Pensions South LPP; and Neil Lewins, Technical Advisor LPP.

Note: No conflicts of interest were declared by any member of the Board in relation to the matters on which conclusions were reached at this meeting.

1c. MINUTES

- 1c1. The Minutes of the Hertfordshire Fire Pension Board meeting of 19 July 2018 were confirmed as a correct record and signed by the Chairman.

2. LOCAL PENSIONS PARTNERSHIP FIREFIGHTERS PENSIONS ADMINISTRATION REPORT

[Contact: Taryn Mutter – Head of Engagement and Customer Liaison (LPP)]

- 2.1 The Board considered a report which provided the LPPs quarterly update on delivery of the pensions fund administration services.
- 2.2 The increase in active, deferred and pensioners/dependant membership of the firefighter pensions over the past year was noted. The Board expressed concern that continued growth of the deferred membership could cause a long term problem and requested that LPP provide the July 2019 meeting of the Board with the last 5 years of data on the number of firefighters with deferred pensions in the schemes, and ongoing the annual data on deferred pensions at the spring meeting of the Board.
- 2.3 LPP were investigating new ways to increase firefighter sign up to the new look My Pension Online – Member Self Service firefighters' pensions scheme website and, in view of its increased autonomy over the website, welcomed feedback and suggestions on what firefighters would like on it, e.g. guides, FAQs, links to other fire pension board websites; options currently accessible included nominations and financial modelling for retirement. New literature on the website was also being produced and could be placed in fire stations to encourage further sign up to it.

T Mutter

**CHAIRMAN'S
INITIALS**

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2.4 T Mutter clarified that the error rate on the service level agreement (SLA) was based on complaints received in relation to actual LPP errors (i.e. not complaints which arose because regulations prohibited LPP from providing the information requested). The quality aspect of the service complaints was dealt with by checking the procedures.

2.5 Members heard that N Lewins (LPP) would bring a report back to the Board, on the outcome of the government's appeal to the supreme court judgement against the Public Sector Age Discrimination Appeal raised and 'won' by both the FBU and the Judiciary in regard of transitional protection arrangements. The government's appeal against the ruling by the Supreme Court had also put on hold the Scheme Advisor Board's (SAB) proposal to rectify the breach to the cost cap floor by improving benefits.

N Lewins

2.6 The Board were updated that:

- Public Sector Pensions would not be in the first tranche of pensions on the government's pensions dashboard;
- The SAB chairman had concerns about the potential for fraud arising from advertising which could lead to mis-selling of pensions advice and potential loss of firefighter's pension funds;
- The SCAPE discount rate affected public sector pensions including the employer contribution rate for firefighter pensions;
- The Treasury had advised that the GMP equalisation court case would not further impact the firefighter's pension scheme.

2.7 The Board heard that the documents compiled to assist FRA's to review their discretions polices would be uploaded to the Member website hosted by LPP. Council officer's would also check that nothing further could be done and provide the Board with a note on the outcome.

E Austin

2.8 The Board received a detailed explanation of Voluntary Scheme Pays (VSP), noted the three likely categories that could trigger it and heard that those who were only in the 1992 scheme could ask for the tax to be paid from the pension scheme and have the money recovered from their pensions in the future (Mandatory Scheme Pays – MSP), or could settle directly over the remainder of their service.

2.9 In view of the fact that HMRC would not allow Mandatory Scheme Pays to apply to more than one scheme, LPP asked whether Hertfordshire Fire Authority would consider payment to HMRC by Voluntary Scheme Pays (VSP) at the first available date to avoid interest accrual; prompt confirmation of this option would enable firefighters to be advised that they could manage their tax bill by VSP when Annual Allowance letters were sent.

- 2.10 Officers clarified that VSPs did not impact the Council's finances however if one of the affected firefighter's died before paying off their VSP the Fire Pension Fund itself would be the impact.
- 2.11 Subsequent to discussion on VSP the Board requested that officers develop a policy on VSP in the firefighters' pension schemes for consideration by Pensions Committee on 12 July 2019 and then to the Board on 25 July 2019.

E Austin

Conclusions:

- 2.12 The Board requested, as above, additional information / content for inclusion in future reports.

3 REPORT ON FIREFIGHTER PENSION SCHEME 2006 & 2015 ON-CALL FIREFIGHTER PENSIONABLE PAY

[Contact: Hannah Delivett, HR Officer, Strategy, Policy & Reward
(Tel: 01992 556796)]

- 3.1 The Board considered a report on drill fees (an additional element of pay) for On-Call (previously known as retained) Firefighters within the 2006 & 2015 Firefighters Pension Schemes (FPS) which had been identified as having been incorrectly treated as non-pensionable.
- 3.2 Officers clarified that the issue had been raised as a consequence of a pensions complaint, after which they had reviewed all the advice and regulations and concluded that none specifically directed that drill fess were pensionable. Comparison to the treatment of drill fees by other fire authorities was not possible as some other authorities treat different elements as contractual, however comparison to regional groups had revealed that some treat it as pensionable and in light of this HFRS had also taken this view.
- 3.3 Although officers were confident that they were treating the correct items of pay as pensionable, nonetheless all remaining elements would be examined to test whether they were pensionable.
- 3.4 275 firefighters were estimated to be affected with outstanding drill fee contributions totalling £123,000 for employees (the majority owing less than £1,000 each) and £170,000 for employer contributions.
- 3.5 The Board noted the agreed actions and timetable to remedy the situation for payments received from April 2013 to March 2019 and on-going to prevent further arrears of these pension contributions.

**CHAIRMAN'S
INITIALS**

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3.6 Due to the proximity of the financial year end it was too late to include the details within the Annual Benefits Statement of 2018-19 so an explanatory note would accompany it, with re-issue in 2020 once pension records had been updated. To bring the issue to the attention of firefighters, workshops and presentations would be undertaken and individual letters issued to those officers affected. Officers agreed to provide the Board with a link to the presentation and Board Members who were themselves firefighters observed that on call firefighters had already attended the workshops and seen the presentation.

E Austin

3.7 The Board observed that terminology (i.e. 'drill' might also be considered as 'training') might account for the failure to identify the issue it as pensionable.

Conclusions:

3.8 The Pension Board noted the content of the report.

4. DATES OF FUTURE MEETINGS

4.1 The Board noted the dates of future meetings as follows:

25 July 2019: 10.00AM

5 OTHER PART I BUSINESS

There was no other PART I business.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

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HERTFORDSHIRE COUNTY COUNCIL

HERTFORDSHIRE FIRE PENSION BOARD
25 JULY 2019 at 10.00AM

LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT Q4

Agenda Item
No:

2

Report of LPP

Author: Taryn Mutter – Head of Engagement and Customer Liaison (LPP)

Purpose of the report

This report is provided by the Local Pensions Partnership (LPP) giving a quarterly update on the delivery of the pensions fund administration services in the following sections.

- Section 1: Statistics and key performance indicators
- Section 2: An update on regulatory changes, including the latest news on the potential scheme changes
- Section 3: Additional Projects

Recommendations

Comments are welcome as to additional information or content that should be included in future reports.

SECTION 1 STATISTICS AND KEY PERFORMANCE INDICATORS

1.1 Pensions Fund Statistics

Scheme Membership:

Membership of the Firefighter Pension Arrangements over the past year are summarised below:

	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19
Active Members	633	637	637	645
Deferred Members	274	293	293	309
Pensioners/Dependants	669	673	682	684

Data for the previous 5 years can be seen in Appendix 1 to the report.

The table below shows the percentage of membership that have registered with My Pension Online – Member Self Service:

	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19
Active Members	37.66%	38.87%	38.78%	39.84%
Deferred Members	25.00%	29.35%	31.27%	32.69%
Pensioners/Dependants	41.7%	44.05%	45.60%	46.64%

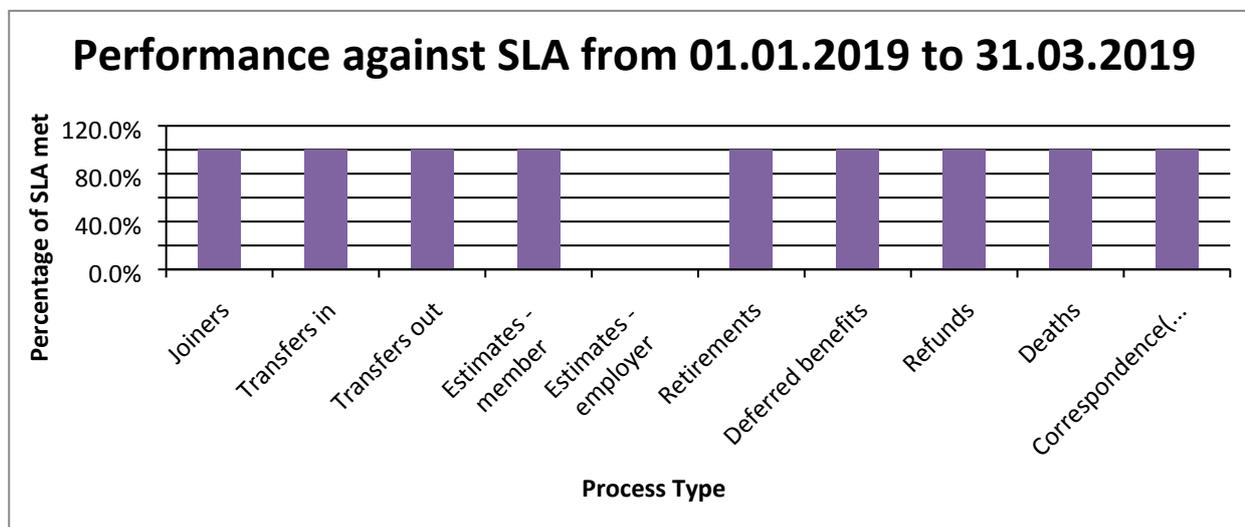
1.2 Performance Indicators

Performance of the Pension Fund is measured in the following key areas:

- The LPP Pensions Administration Services is measured against key performance indicators that measure compliance, efficiency and effectiveness of the service. See Section 1.3.

1.3 Performance for the LPP Pensions Administration Service

Service Level Agreement and Volumes: The following graphs provide a quarterly review of key areas and performance achieved with performance overall during the period over 99.63%.



	01.04.2018 to 30.06.2018	01.07.2018 to 30.09.2018	01.10.2018 to 31.12.2018	01.01.2019 to 31.03.2019	Performance against SLA %
Admissions	16	23	19	22	100%
Transfers in	5	2	1	8	100%
Transfers out	6	2	6	3	100%
Estimates - member	45	23	30	30	100%
Estimates - employer	1	0	0	0	n/a
Retirements	14	6	12	9	100%
Deferred benefits	4	11	5	6	100%
Refunds	0	2	0	1	100%
Deaths	7	1	6	6	100%
Correspondence	77	37	38	28	100%
Total Key Processes Completed	175	107	117	113	100%

LPP Service Complaints (Q4)

- A complaint has been received from a member whose pension record was not updated during the administration of his divorce in 2013 which led to pensions increase being applied to his full pension rather than the proportion paid following the divorce settlement resulting in an overpayment. The error was discovered following work LPP are undertaking to improve processes and data accuracy. An apology and full explanation has been sent to the member along with details on how he can escalate his complaint through the internal dispute resolution procedure.

Fire Authority Complaints (Q4)

- None

IDRP's (Q4)

- An IDRP was received in relation to the above complaint which was dismissed at Stage 1. The member made a Stage 2 application which was also dismissed. The member has been offered a £500 maladministration fee.
- Another IDRP was received in relation to re-enrolment and lack of notification which was dismissed at Stage 1.

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

1 Age Discrimination Case Update

The Supreme Court denied the Government's request for an appeal on 27 June 2019 in the McLeod case in respect of age discrimination and pension protection. London Pensions Partnership are waiting for details on the next steps but expect that the Home Office/Government will now start to work on a 'remedy'.

2 Amendment Regulations

As expected, the amendment regulations were released very soon after the consultation closed, these changes incorporated the amendments following the Walker v Innospec court case to award same sex partners improved benefits. London Pension Partnership have carried out a full check and notified any directly affected member, i.e. dependant pension already in payment and notified active, deferred and pensioner members.

The regulations also amended wording on 'Split Pensions' to bring these in line with processes already in place. Several other minor corrections were also put in place.

3 Government Actuary's Department (GAD) Factors

Amendments have been made to further GAD Factors. All amendments are slightly more attractive for scheme members, particularly as the Annual Allowance Scheme Pays factors have been moved to a single sex basis which is to the benefit of all male scheme members.

4 Cost Cap (Pause)

The expected improvement to all the public sector schemes following the 4-year valuation results have been placed on hold pending the decision on the age discrimination case. The initial expectation would have led to an improvement to an accrual rate of 1/51.2. The increased employer contributions rates still took effect from 1 April 2019.

5 Pensions Increase

As expected, the pensions increase has been confirmed as 2.4% for Fire Pension Scheme final salary benefits, the 2015 fire revaluation based on Average Weighted Earnings (AWE) is 2.8%.

6 Exit Cap

The Government have released a further consultation on the introduction of an exit cap across all public sector pension schemes, this consultation is due to close on 3 July 2019. London Pensions Partnership do not believe this will have any significant impact on the Fire Pensions Schemes.

7 New name Money advice service

The Government have laid the Financial Guidance and Claims Act 2018 (Naming and Consequential Amendments) Regulations 2019 which took effect on 6 April 2019.

The Order names the Single Financial Guidance Body, as the Money and Pensions Service.

London Pensions Partnership are amending references from The Pensions Advisory Service (TPAS) to the Money and Pensions Service on our websites, letters and communications. Internal Dispute resolution procedure (IDRP) documentation will also need to be updated.

SECTION 3 – ADDITIONAL PROJECTS

Guaranteed Minimum Pension (GMP) Reconciliation

London Pensions Partnership have received HMRC's responses to all reconciliation query submissions. HMRC had moved their expected response date back several times and committed to responding to all reconciliation queries by 30 June 2019. London Pensions Partnership will be working on the responses during Q2.

London Pensions Partnership also have concerns regarding HMRC's handling of outstanding Contributions Equivalent Premium (CEP) payments. HMRC's intention is to refund authorities that they believe have overpaid CEPs or bill authorities if they believe that there are CEPs outstanding. HMRC had originally intended to complete this process by mid-May but, due to concerns raised by Scheme Administrators, HMRC have delayed the billing process until September. London Pensions Partnership's concerns are based on the amount of information held on HMRC's records that is demonstrably incorrect. HMRC cannot demand payment of a CEP (or the Council will incur an enforced GMP) before they can assure Scheme Administrators that their records have been corrected or they confirm a mechanism by which administrators can dispute the liabilities being held under their scheme contracting out number (SCON). London Pensions Partnership have raised this issue with the London Pension Officers Group, which was also attended by the LGA, so that a coordinated response can be sent to HMRC. Although this is being raised via Local Government, it is an issue that also effects the Fire Brigade Scheme.

Amendments are currently being made to pensions in payment and letters are being sent out to individuals. Revisions are being worked on each week until all records have been updated and an update will be provided to Herts Fire once complete. Please note that we anticipated that there will be further revisions to follow once HMRC respond to the reconciliation queries.

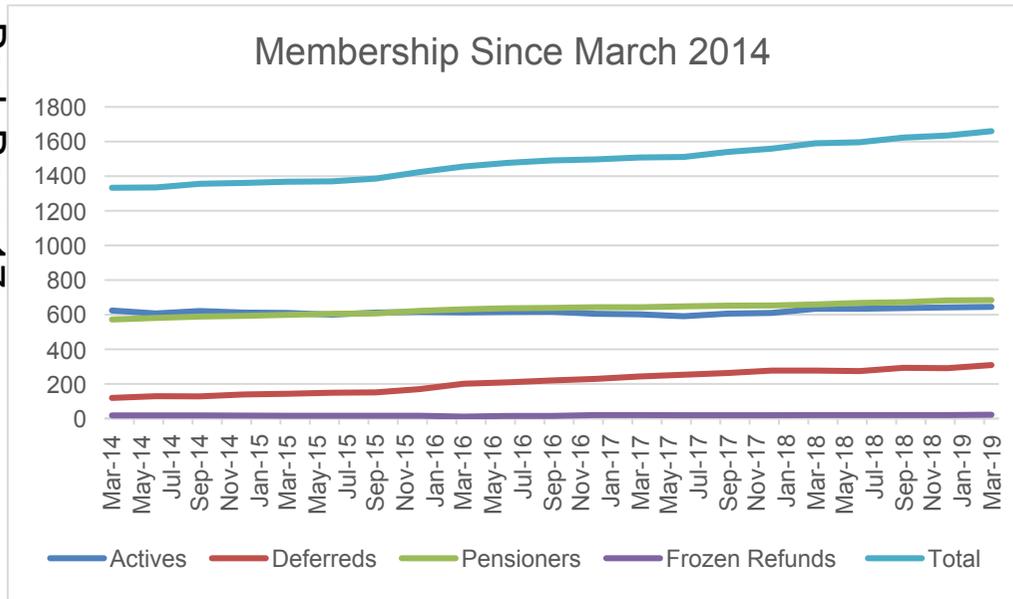
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APPENDIX 1

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Actives	624	607	621	612	610	600	612	616	613	616	617
Deferreds	119	129	128	139	143	149	151	170	201	209	220
Pensioners	572	581	589	593	599	605	607	622	631	637	639
Frozen Refunds	18	18	18	17	16	16	16	16	11	15	15
Total	1333	1335	1356	1361	1368	1370	1386	1424	1456	1477	1491

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Actives	605	602	591	606	610	634	634	638	642	645
Deferreds	229	243	253	263	277	277	274	293	291	309
Pensioners	643	643	648	652	653	659	668	672	682	684
Frozen Refunds	20	20	19	19	19	20	20	20	20	22
Total	1497	1508	1511	1540	1559	1590	1596	1623	1635	1660

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REPORT ON VOLUNTARY SCHEME PAYS POLICY FOR FIREFIGHTERS PENSION SCHEME

Report of the Director of Resources

Author: Rachel Wilson, Senior HR Officer, Strategy & Reward (Tel: 01992 588142)

1. Purpose of report

- 1.1 To update the Fire Pension Board following presentation of the Voluntary Scheme Pays (VSP) policy for the Firefighters Pension Schemes (FPS) to Pension Committee on 12 July 2019.

2. Recommendations

- 2.1 That the Fire Pension Board notes the VSP policy, attached as Appendix A, has been agreed by Pensions Committee and will apply from 1 August 2019.

3. Background

- 3.1 A report which provided information on 'voluntary scheme pays' (VSP) in the firefighters' pension schemes was presented to the Hertfordshire Fire Pension Board on 19 July 2018.
- 3.2 The report outlined that in some circumstances a member of the Firefighters' pension schemes could not use Mandatory Scheme Pays (MSP) to pay a tax charge, and that it was possible for a Fire Authority (including County Councils) to operate VSP to pay the tax bill where a member could not use MSP. VSP is not a fire scheme discretion; the Fire Authority has the power under the scheme rules to adjust the member's benefit to recover the charge.
- 3.3 The Hertfordshire Fire Pension Board requested further information before a proposal could be presented to Pensions Committee for agreement.
- 3.4 A further report was presented to the Hertfordshire Fire Pension Board on 28 March 2019.
- 3.5 The report provided a detailed explanation of VSP and noted the three likely categories that could trigger it. Only members in the 1992 scheme could ask for the tax to be paid from the pension scheme and have the

money recovered from their pensions in the future (MSP), or could settle directly over the remainder of their service.

- 3.6 In view of the fact that HMRC would not allow MSP to apply to more than one scheme, LPP asked whether Hertfordshire Fire Authority would consider payment to HMRC by VSP at the first available date to avoid interest accrual. Prompt confirmation of this option would enable firefighters to be advised that they could manage their tax bill by VSP when Annual Allowance letters are sent in Autumn 2019.
- 3.7 The Hertfordshire Fire Pension Board requested that Officers develop a policy on VSP in the firefighters' pension schemes for consideration by Pensions Committee on 12 July 2019, the Firefighters Pension Board to be notified of the outcome and the policy at its meeting on 25 July 2019.
- 3.8 The policy was subsequently produced and was presented and approved by Pension Committee on 12th July 2019. This policy will be live from 1st August 2019 and the LPP will use it from this date when considering members pension benefits.

4. Firefighter Pension Schemes Voluntary Scheme Pays Policy

- 4.1 The policy sets out that Hertfordshire Fire and Rescue Service (HFRS) will only accept requests for VSP if the member of the firefighters pension scheme does not meet the MSP criteria, but the member still wishes to pay their tax charge by Scheme Pays.
- 4.2 The policy sets out that The Local Pension Partnership (LPP) will contact any member who has a pension growth in excess of £40,000 in all fire schemes. This will ensure that all members affected by either MSP or VSP are given all options to make arrangements to make the necessary payments to HMRC. If, once notified, the scheme member chooses to use MSP or VSP the LPP will liaise with Hertfordshire to make payment to HMRC and the necessary deduction to the member's pension benefits.

5. Financial Implications

- 5.1 VSP does not impact the Council's finances however if one of the affected firefighter's dies before paying off their VSP the Fire Pension Fund itself would bear the impact.

6. Equalities Implications

- 6.1 There are no equality implications of the issue to the pension schemes.

Background reports:

Hertfordshire Fire Pension Board – 19 July 2018

<https://democracy.hertfordshire.gov.uk/ieListDocuments.aspx?CId=154&MId=270&Ver=4>

Hertfordshire Fire Pension Board – 28 March 2019

<https://democracy.hertfordshire.gov.uk/ieListDocuments.aspx?CId=154&MId=273&Ver=4>

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Firefighter Pension Schemes Voluntary Scheme Pays Policy

1. Introduction

If you exceed the Annual Allowance and a tax charge is due you can ask the pension scheme to pay the charge on your behalf in exchange for a reduction in your pension benefits. This is called 'Scheme Pays'.

There are two types of Scheme Pays: Mandatory and Voluntary. This policy covers Voluntary Scheme Pays.

2. Scope

This policy applies to all uniformed staff in any of the Firefighter Pension Schemes.

- Firefighters' Pension Scheme 1992 (FPS 1992)
- Firefighters' Pension Scheme 2006 (FPS 2006)
- Modified Firefighters' Pension Scheme 2006 (MOD 2006)
- Firefighters' Pension Scheme 2015 (FPS 2015).

This policy applies from 1st August 2019.

3. Mandatory Scheme Pays

Mandatory Scheme Pays will be used if all three of these apply to you:

- your Pension input amount within any single Firefighter Pension Scheme is in excess of £40,000; and
- the tax charge resulting from the excess within that scheme is over £2,000; and
- your Scheme Pays deduction is applied to the benefits within that scheme only.

Members with a tapered (reduced) Annual Allowance must have a Pension Input Amount in excess of £40,000 in one particular scheme (for example, FPS 1992, FPS 2006 or FPS 2015) to use Mandatory Scheme Pays.

For members with current benefits in both FPS 1992 or FPS 2006 and FPS 2015, if your Pension Input Amount in each scheme exceeds £40,000 then you may be able to use Mandatory Scheme Pays to pay the tax charge for one scheme; the remaining scheme would be paid on a voluntary basis. This facility would not be available for those with tapered Annual Allowance wishing to use Scheme Pays for their entire tax charge.

4. Voluntary Scheme Pays

Hertfordshire Fire and Rescue Service (HFRS) will only accept requests for Voluntary Scheme Pays if you don't meet the Mandatory Scheme Pays criteria, but you still wish to pay your tax charge by Scheme Pays. For example;

- If you have moved from the 1992 scheme into the 2015 scheme and have a significant salary increase
- If you are on a salary in excess of £150,000
- If you have a tax charge of less than £2,000

5. Process

The Local Pension Partnership (LPP) will contact any member who has a pension growth in excess of £40,000 in all fire schemes. This will ensure that all members affected by either mandatory or voluntary scheme pays are given all options to make arrangements to make the necessary payments to HMRC. If once notified the scheme member chooses to use mandatory or voluntary scheme pays the LPP will liaise with Hertfordshire to make payment to HMRC and the necessary deduction to the member's pension benefits.

6. Further Information and Advice

HR AskUs – 01992 555000

FPS, NFPS and NFS2015 details –
<http://www.yourpension.org.uk/HCCFire/Pensions-Home.aspx>

LPP Pensions – Helpline 01992 555466

All employees considering any of the above options outlined in this policy are advised to take expert independent financial advice in order to plan and confirm pension implications.

Annual Allowance

There's information about Annual Allowance and Scheme Pays on the HMRC website at: www.gov.uk/tax-on-your-private-pension/annual-allowance

Tapered Annual Allowance

Individuals with adjusted income over £150,000 may be subject to a tapered (reduced) Annual Allowance.

Adjusted income is not based on your salary alone, if you have other sources of income you may need to include this when calculating your adjusted income.

Further information on how to calculate adjusted income and tapered Annual Allowance can be found at: www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

REPORT ON MCCLOUD AND SARGEANT AGE DISCRIMINATION CASE

Author: Emily Austin, Senior HR Manager, Strategy & Reward (Tel: 01992 588142)

Report of the Director of Resources

1. Purpose of report

- 1.1 To update Fire Pension Board on the recent outcome of McCloud and Sargeant case in relation to pensions and age discrimination.

2. Recommendations

- 2.1 That the Fire Pension Board notes the case and that further updates will be provided to the Board once the remedy for the case is agreed.

3. Background

- 3.1 On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud and Sargeant case in respect of age discrimination and pension protection.
- 3.2 The case concerns the transitional protections given to scheme members, who in 2012 were within 10 years of their normal retirement age, in the judges and firefighters schemes as part of public service pensions reform. Tapered protections were provided for those 3-4 years younger.
- 3.3 On 20 December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified.
- 3.4 Now that the finding of the Court of Appeal stands, significant changes to public service pension schemes may be required. The matter will be referred back to the Employment Tribunal for a remedy hearing. This would normally involve the submission of detailed evidence and could take 12 months or longer to reach a hearing. Once a Tribunal makes a finding on remedy, 'compensation' of some sort will be awarded and the schemes amended as appropriate. Alternatively the parties might agree a remedy prior to any hearing. In either case we expect that the cost cap process will be re-run taking into account the remedy and any scheme amendments.

- 3.5 To date communications have been issued to all Firefighters as follows via an all station memo. Similar updates can also be found on the Intranet and LPP website.

On the 27th June the Supreme Court has denied the Government's request for an appeal on the 'McLeod case' in respect of age discrimination and pension protection. We are waiting for further details on the next steps and we cannot speculate on what impact this may have on pension benefits. Annual Benefit Statements and any estimates will remain based on the current regulations. We will keep you up to date as this progresses.

- 3.6 Further updates will be provided to the Board when the remedy is known and details set out about how this will be managed.

4. Financial Implications

- 4.1 Until the remedy for the case is established officers cannot speculate on what the financial implications for this case will be, but this could be significant.

5. Equalities Implications

- 5.1 Until the remedy for the case is established officers cannot speculate on what the equality implications may be, however the outcome of the case is likely to right any potential issues of age discrimination.