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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

NOTICE OF MEETING

<i>Meeting</i>	HIWFRA Firefighters' Pension Board	<i>Clerk to the Hampshire & Isle of Wight Fire and Rescue Authority</i> CFO Neil Odin
<i>Date and Time</i>	Thursday, 18th April, 2024 10.00 am	<i>Fire & Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	Meeting Room X, Fire and Police HQ, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub-committees. The Authority has a protocol on filming, photographing and audio-recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

Agenda

1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

2 **DECLARATIONS OF INTEREST**

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

3 **MINUTES OF PREVIOUS MEETING** (Pages 3 - 6)

To confirm the minutes of the previous meeting held on 29 January 2024.

4 **DEPUTATIONS**

Pursuant to Standing Order 19, to receive any deputations to this meeting.

5 CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6 FIRE PENSION BOARD ANNUAL REPORT (Pages 7 - 14)

To review the annual report from the Fire Pension Board to the Standards and Governance Committee which summarises the work of the Board for the 2023/24 financial year in the exercise of its functions.

7 LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT (Pages 15 - 18)

To receive an update relating to Legislation and the Local Government Association.

8 PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW (Pages 19 - 26)

This report provides an update on the development of key items.

ABOUT THIS AGENDA:

This agenda is available through the Hampshire & Isle of Wight Fire and Rescue Service website (www.hantsfire.gov.uk) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

Agenda Item 3

AT A MEETING of the HIWFRA Firefighters' Pension Board of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Monday, 29th January, 2024

Chairman: * Stew Adamson
Vice Chairman: * Richard Scarth

* Councillor Roger Price	* Ross Singleton
* Sean Harrison	Dan Tasker
* Richard North	Mark Hilton

* Present

96. APOLOGIES FOR ABSENCE

Apologies were received from Mark Hilton and Dan Tasker.

97. DECLARATIONS OF INTEREST

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

98. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed.

99. DEPUTATIONS

There were no deputations for this meeting.

100. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed the new Democratic Services Assistant, Nikola Berry, to the meeting.

101. SCHEME ADVISORY BOARD

There was no update for the Board on this occasion.

102. PENSION COMMUNICATIONS

The Board received a report from the Chief Financial Officer (item 7 in the minute book), which provided an update on remedy options for members and eligible members of the fire pension board, and to agree the ongoing communications plan and activities of engagement strategy.

Officers presented the report and highlighted key areas regarding the Matthews case. It was discussed that it was difficult to reach retired members so key

information has been shared on social media platforms to try and capture more eligible people to sign up.

A second Matthews case letter was due to be sent out to try and encourage more people to apply and it was agreed that it needed to be very simple and explicit in what was required to make it easier to understand.

It was confirmed that the Chief Financial Officer would check with the Local Government Association about how they could follow up with someone if they say they are not interested in being part of the Matthews case. An update would come to a future meeting.

RESOLVED

The ongoing communications plan and activities of engagement were noted by the HIWFRA Firefighters' Pension Board.

103. **LEGISLATION AND LOCAL GOVERNMENT (LGA) UPDATE REPORT**

The Board received a report from the Chief Financial Officer (item 8 in the minute book), which provided an update from the Local Government Association on Firefighters pension matters.

Remedial Service Statement (bulletin 72) was not available for start of remedy period but members were still being offered a choice in its absence. The Chief Financial Officer agreed to create an FAQ document to make the options clear following feedback from members.

When discussing Concurrent Service (bulletin 73), it was agreed that the Chief Financial Officer would investigate how an employee's last day would affect any gap in service. An update would come to a future meeting.

The Chief Financial Officer advised that a new data sharing agreement was in progress regarding the Matthews case (bulletin 74). Members queried what pay data was missing for Hampshire and Isle of Wight so they could advise people what evidence was needed. The Chief Financial Officer would confirm at a future meeting, as well as include it in future communications.

Contingent Decisions (bulletin 74) guidance has been sent to people who requested it. Richard North to review whether cases meet requirements. Members expressed concern that the guidance on Contingency Decisions (bulletin 74) would cause confusion if publicised. Seah Harrison confirmed that it had been shared by direct bodies and already caused confusion. Members discussed ways of distributing this information and it was decided basic communications around 'is there a decision you made that looking back would have been different because of the discrimination?' to be sent as direct communication rather than general communication or publicising. Ross Singleton offered to discuss the issue with FBU colleagues about a joint message and feedback at a future meeting.

RESOLVED

The content of the report was noted by the HIWFRA Firefighters' Pension Board.

104. FIRE PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW

The Board received a report from the Chief Financial Officer (item 9 in the minute book), providing an update on the development of key items.

A pre-retirement course had been held in December had been well received and another was scheduled for February 2024. A recruits course held in January and had had great engagement with the pensions section and whilst rates were discussed, but the Chief Financial Officer would make sure the jump in rate due to competency was more explicit in future.

Members were pleased to learn that there was an increase in members who were registered on the Members Portal, and it was believed that this would continue with the portal continuing to be flagged in communications.

It was highlighted that the Risk Register (appendix a) had been updated to reflect the implementation of an inhouse HIWFRS HR team.

Due to the delay of the McCloud software, employees were having their pensions manually calculated, which was manageable currently but not as a long-term solution. A further update would come to the Board once more information was known.

Cllr Price requested a breakdown of figures to show the proportion of Hampshire and Isle of Wight Fire and Rescue cases dealt with by HPS compared to Police and the Chief Financial Officer agreed to bring this information to a future meeting.

The Board discussed the possibility of an update on general pension cases and requests every meeting and the Chief Financial Officer agreed to look into more regular reporting.

RESOLVED

- a) The content of the report was noted by the HIWFRA Firefighters' Pension Board.
- b) The Risk Register as set out in paragraphs 7 - 9 and Appendix A was approved by the HIWFRA Firefighters' Pension Board with additional information to be added about lack of Pension Fund Grant for years 2 and 3.

Chairman,



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Noted

Date: **18 APRIL 2024 (FIREFIGHTERS PENSION BOARD)**

25 JULY 2024 (STANDARDS AND GOVERNANCE COMMITTEE)

Title: **FIRE PENSION BOARD ANNUAL REPORT (2023/24)**

Report of Chief Fire Officer

SUMMARY

1. This is the annual report from the Fire Pension Board to the Standards and Governance Committee and summarises the work of the Board for the 2023/24 financial year in the exercise of its functions.
2. This has been an important year in the implementation of both the Matthews and McCloud pension remedies. While the implementation of both remedies remain challenging, good progress has been made.

PENSION BOARD MEETINGS

3. The Pension Board met periodically, holding four meetings, during the 2023/24 financial year:
 - (a) 17 April 2023
 - (b) 5 July 2023
 - (c) 12 October 2023
 - (d) 29 January 2024
4. The July meeting saw the re-election of Stew Adamson to Chairman and Richard Scarth to Vice-Chairman. Both will hold the position until the first meeting of the Fire Pension Board following the annual general meeting of the Fire Authority in 2024.

5. The key items covered at these meetings are as follows, more detailed information about each of these items can be found later in the report.
 - (a) The Pension Regulator Scheme Returns
 - (b) Communications
 - (c) McCloud remedy
 - (d) Matthews remedy
 - (e) Pensions dashboards
 - (f) Risk review
6. Links to the pension board reports can be found in the appendix to this report.

TPR SCHEME RETURNS

7. Deadlines for TPR scheme returns were amended this year due to the McCloud pension remedy. This meant that the completion of the returns was reported in April 2024, retrospectively for the financial year 2023/24.
8. The returns include statistics on data quality for the schemes, covering generic and scheme specific data.
9. The table below shows the scores for year ending 31 March 2023 and the latest year 31 March 2024. The scores remain largely unchanged across the two years.

Year end	31/03/2023					
Scheme	Active	Deferred	Pensioner	Beneficiary	Common data score %	Scheme specific data score %
1992 Fire Pension Scheme	22	82	866	161	99	96
2006 Fire Pension Scheme	20	431	71	7	96	99
2006 Modified Fire Pension Scheme	2	47	107	6	98	98
2015 Fire Pension Scheme	1344	688	19	8	99	97

Year end	31/03/2024					
Scheme	Active	Deferred	Pensioner	Beneficiary	Common data score	Scheme specific data score
1992 Fire Pension Scheme	0	78	980	162	99	96
2006 Fire Pension Scheme	0	428	74	9	96	99
2006 Modified Fire Pension Scheme	0	43	109	9	97	97
2015 Fire Pension Scheme	1296	761	312	9	99	98

COMMUNICATION

10. Presentations on pre-retirement course and to new recruits have continued throughout the year. The feedback from these sessions is generally

positive, although firefighter pensions remain a complex topic and individual circumstances and levels of knowledge vary.

11. The Employer Pension Manager moved on to a new role in the Autumn. She left the service in a strong position to achieve a successful implementation of the McCloud and Matthews pension remedies.
12. The service continued to attend regular pension information sessions run by the LGA, HMRC and the NFCC. Representatives from Hampshire Pension Services, IBC Pensions Administration and finance attended as appropriate.
13. The Board also receive a regular report on pensions related communications.

MEMBER PORTAL

14. By the end of the financial year, scheme membership of the portal had reached 54.59%, up from 47.76% in January 2023. This steady increase is positive. Well over 50% of pensioner and active members are registered, with a lower percentage for deferred members.

McCLOUD AGE DISCRIMINATION REMEDY

15. Financial year 2023/24 marked a key milestone in the implementation of McCloud, with legislation taking effect from 1 October 2023. This means that firefighters retiring from 1 October 2023 will be offered a choice of benefits from the legacy or reformed schemes due to age discrimination that was identified by the courts in the original implementation of the schemes.
16. However, there remains a large cohort of firefighters who retired during the period 2015 to 2022, who will need to be offered options. In addition deferred and active members of the scheme will need to be presented with their options as part of their Annual Benefit Statements.
17. This work continues to prove challenging. Software to complete the calculations is not yet available and there are still some issues relating to tax and interest that need to be resolved.
18. However, the service remains on track to complete all the required work within the statutory deadline of 31 March 2025. The Board continue to take a keen interest in the progress of this work and to provide input and advice on communication and implementation decisions.

MATTHEWS REMEDY

19. The Matthews remedy applies to retained firefighters with employment between certain dates and via a second options exercise will allow members to backdate their membership of the Modified Fire Pension Scheme to the start date of their employment.
20. The legislation to allow this work to commence came into force on 1 October 2023. Members have been sent communications and approximately 25% of the potential cohort of approximately 1,000 members have responded to this communication to date.
21. Producing the calculations has proved challenging but an updated guidance and a calculator are now available and affected members are now beginning to receive information about their potential entitlements. Monitoring progress against the delivery of Matthews will be a key feature of the Board's work for the coming year.

RISK REVIEW

22. There are a variety of items in pension administration and governance which contain elements of risk to varying degrees. Risks are captured through a variety of ways; some are on the risk register, while others are picked up as part of the regular horizon scanning that the Employer Pension Groups do.
23. These groups are now well established, meeting regularly and include representatives across the board from pensions, HR, finance and others.
24. The Board review the risk register at each meeting. During the 2023/24 year changes to the risk register relating to pension and HR resources and the McCloud pension remedy were made.

PENSION DASHBOARDS

25. During 2023/24 there has been some replanning and delay to the Pension Dashboards programme. The Board continue to receive updates as necessary. The delay does not have a significant impact on scheme members, as the information in the dashboards will not be meaningful until the work on the McCloud pension remedy is complete.

FUTURE ISSUES

26. 2024/25 will see the full implementation of both the Matthews and McCloud pension remedies. The Board will play a key role in scrutinising the implementation as well as providing input on approaches and communications.

27. The role of the new in-house HR team on pensions will evolve during 2024/25. The Board will play a crucial role in guiding the team to ensure that they are delivering effective support.

CONCLUSION

28. The Board has played an active role in dealing with a series of complex issues during the course of 2023/24. The focus of the Board has inevitably been on the pension remedies. This is likely to continue during 2024/25.
29. Despite changes to key personnel during the year, HIWFRA remains in a strong position, supported by strong working relationships between Hampshire Pension Services, IBC Pensions Administration, HR and the Chief Financial Officer.
30. The Board are engaged with pension issues and have both the technical knowledge and the motivation to have a positive impact.

RECOMMENDATION (to the HIWFRA Firefighter's Pension Board)

31. That the content of the annual report be approved for submission to the HIWFRA Standards and Governance Committee by the HIWFRA Firefighters' Pension Board

RECOMMENDATION (to the HIWFRA Standards and Governance Committee)

32. That the content of the report be noted by the HIWFRA Standards and Governance Committee

APPENDICES ATTACHED

33. APPENDIX A – Links to Firefighters Pension Board meetings for 2023/24

Contact: Catherine Edgecombe, Chief Financial Officer, 0370 779 6214

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April 2023

[Agenda for HIWFRA Firefighters' Pension Board on Monday, 17th April, 2023, 10.00 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

July 2023

[Agenda for HIWFRA Firefighters' Pension Board on Wednesday, 5th July, 2023, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

October 2023

[Agenda for HIWFRA Firefighters' Pension Board on Thursday, 12th October, 2023, 10.00 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

January 2024

[Agenda for HIWFRA Firefighters' Pension Board on Monday, 29th January, 2024, 10.00 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **18 APRIL 2024**

Title: **LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION
(LGA) UPDATE REPORT**

Report of Chief Financial Officer

SUMMARY

1. This report, together with attachments, provides the framework for this agenda item.

FPS BULLETINS

2. The LGA issue a bulletin at the end of each month, they are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website. The bulletins contain a lot of information, and the key items are highlighted in this report.
3. There have been three bulletins issued since the last Fire Pension Board reports were written. Bulletins 77 and 78 can be found in APPENDICES A – B.

REQUESTS FOR DATA (BULLETIN 77)

4. The LGA requested data on the implementation of the Matthews exercise. The deadline for supplying this data was met. Additionally, data on member opt outs was requested as the Home Office are reviewing employee contribution rates. This data was partially supplied as it was not possible to populate all fields within the time available.

MATTHEWS GAD CALCULATOR (BULLETIN 77)

5. An updated version of the Government Actuaries Department calculator for members who purchased service under the first options exercise has been released. A list of scenarios that will need to be calculated by GAD have also been released. Currently no members who meet these scenarios have been identified.
6. The bulletin also contains information about query logs.

McCLOUD AGE DISCRIMINATION REMEDY (BULLETIN 77)

7. The bulletin also contained a number of actions relating to the age discrimination remedy. Some of these, such as Added Pension Compensation and injury pension calculations for retained firefighters appointed before 5 April 2006 are not relevant to our service as we have no cases.
8. Data sharing for the McCloud remedy was also covered. Data sharing agreements have been produced and data sharing is underway with relevant other Fire and Rescue Services. This will allow remedy to progress for people who moved services during the remedy period.
9. Board members may recall that the position on Contingent Decisions relating to transfers in or out of pensions was unresolved. This bulletin resolved this position by stating that contingent decisions are not required for transfers.
10. The bulletin contains a fact sheet on remediable service statements. This doesn't present new information, just brings existing information into one place. It also links to query logs for the McCloud remedy.

THE PENSION REGULATOR – SIX KEY PROCESSES (BULLETIN 77)

11. TPR have produced six fact sheets on key processes that are indicators of public sector scheme performance. It is recommended that a review of these fact sheets to assess compliance is undertaken within the next six months and before the next Governance and Administration survey.

PUBLIC SECTOR PENSION INCREASE (BULLETIN 77)

12. FPS pensions will increase by 6.7% from 8 April 2024, with a lower, pro-rata increase for pensions that started after 23 April 2023. This in line with CPI. Active FPS pension accounts will be revalued in line with Average Weekly Earnings and will increase by 7.7% from 1 April 2024.
13. These changes will be implemented by Pension Services.

TRAINING SESSIONS FOR PENSION BOARD MEMBERS (BULLETIN 77)

14. There are training sessions for Board members on the following dates:
 - (a) 17 June 2024 13:00 – 17:00 (MS Teams)
 - (b) 18 September 2024 – 11:00 – 15:30 (In person, London)
 - (c) 23 January 2025 10:00 – 14:00 (MS Teams).
15. Board members are invited to consider their availability to attend.

MATTHEWS GAD CALCULATOR CORRECTIONS (BULLETIN 78)

16. Some corrections to the GAD calculator are highlighted in this bulletin. These corrections are following feedback from FRAs and highlight the challenges and complexity of completing the calculator. There have also been updates to the statements of details used when notifying members of their entitlements.

SCHEME MANAGEMENT AND ADMINISTRATION COMMITTEE SURVEY (BULLETIN 78)

17. An extensive survey was issued as a temperature check for pensions administrators on the progress in implementing the remedy. There were a large number of granular questions and it was not possible to complete the survey in the required timeframe. Hampshire Pension Services did feedback separately on progress.

APPOINTMENT TO THE BLUE LIGHT TEAM (BULLETIN 78)

18. Sandra Sedgwick joins the team as Firefighters Pension Adviser. She previously worked for Cumbria Fire and Rescue Service.

LIFETIME ALLOWANCE GUIDANCE (BULLETIN 78)

19. HMRC have published guidance on the detailed practical implications of the abolition of the lifetime allowance. These mainly relate to scenarios which are very unlikely to affect the vast majority of members of the FPS.

RECOMMENDATION

20. That the content of the report be noted by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

21. APPENDIX A – [FPS Bulletin 77 January 2024 \(fpsregs.org\)](https://www.fpsregs.org) (January 2024)
22. APPENDIX B – [FPS Bulletin 78 - February 2024 \(fpsregs.org\)](https://www.fpsregs.org) (February 2024)

Contact: Catherine Edgecombe, Chief Financial Officer, 0370 779 6214



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **18 APRIL 2024**

Title: **FIREFIGHTERS PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW**

Report of Chief Financial Officer

SUMMARY

1. This report provides an update on the development of key items.
2. This report, together with attachments, provides the framework for this meeting agenda.

COMMUNICATION

3. The Chief Financial Officer delivered a presentation at the pre-retirement course in February. The delivery of the courses will transition to the in-house HR team over the course of the financial year.
4. Hampshire Pension Services have also provided a snapshot of their communication with members during the month of February. 50 telephone calls were received. 48 (96%) of these calls were answered. When calls are not answered this is due to the member ending the call before it can be answered. This may be because they heard a message pointing them towards the website or portal.
5. In addition, 14 emails were received and 14 member enquiries were received via the pension portal.
6. The Board are asked to consider whether they would be interested in receiving further similar updates in the future.

THE PENSIONS REGULATOR SCHEME RETURNS

7. Changed deadlines for scheme returns mean that this information is being reported retrospectively for 2023/24. The Chief Financial Officer completed the returns, providing information about scheme membership numbers, details of the scheme manager, Fire Pension Board members, details of the administrator and other relevant contact details.
8. TPR also require data scoring which consists of common data and scheme specific conditional data. The common data score is made up of things like personal data such as name, address, date of birth etc, while the scheme specific data score varies from scheme to scheme and for Fire would include specific things such as membership data including any transfer in details, CPD, temporary promotions etc.
9. The table below shows the scores for year ending 31 March 2023 and the latest year 31 March 2024. The scores remain largely unchanged across the two years.

Year end		31/03/2023					
Scheme	Active	Deferred	Pensioner	Beneficiary	Common data score %	Scheme specific data score %	
1992 Fire Pension Scheme	22	82	866	161	99	96	
2006 Fire Pension Scheme	20	431	71	7	96	99	
2006 Modified Fire Pension Scheme	2	47	107	6	98	98	
2015 Fire Pension Scheme	1344	688	19	8	99	97	

Year end		31/03/2024					
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1992 Fire Pension Scheme	0	78	980	162	99	96	
2006 Fire Pension Scheme	0	428	74	9	96	99	
2006 Modified Fire Pension Scheme	0	43	109	9	97	97	
2015 Fire Pension Scheme	1296	761	312	9	99	98	

MEETINGS

10. Representatives from HIWFRA, IBC pensions administration and Hampshire Pension services continue to attend information sharing meetings as appropriate. The Chief Financial Officer has also attended National Fire Chief Council calls on pensions related matters.
11. Monthly meetings are now held between Hampshire Pension Services and the Chief Financial Officer, to review bulletins and meeting actions and to agree on actions.
12. The in-house HR team joined the service on 1 April 2024. Attendance at meetings will be reviewed following this change.

MEMBER PORTAL

13. The membership of those registered on the portal continues to rise slowly. The numbers of those registered as at 28 February 2024 are shown in the table below:

Status	Registrations to date	% of total membership
Active	783	60.23%
Deferred	551	40.66%
Pensioner	895	62.68%
TOTAL	2,229	54.59%

14. There have been 61 new registrations since December 2023, continuing the steady increase in overall registrations.

McCLOUD REMEDY

15. Progress continues on the implementation of the McCloud remedy. Members who have retired since 1 October 2023 have made choices about the remedy period and their cases are now resolved. The first cohorts of members who retired prior to 1 October 2023 but within the remedy period were due to be processed by 31st March 2024 (ill health retirees) and 31st May 2024 (beneficiaries). There has been a delay in the processing of these cases due to a national pause.
16. This issue affects Immediate Choice members only i.e. not those who have retired since 1 October 2023. These members need to be offered information and to make a choice about their pension during the remedy period.
17. Once members have made their choice, they will potentially be due arrears of pension and lump sum. The rate of interest due on these arrears is 8%. As this interest is not treated as compensation, it is subject to tax and normal tax rules apply. This means that any interest over Bank of England base rate plus 1% will be taxed at 40%.
18. The issue is that this tax on interest was not factored into the McCloud calculator produced by the Government Actuary's Department or in the guidance that was produced to support pension administrators with calculations. Clarification from HMRC and HM Treasury is needed before a revised calculator can be produced.
19. The LGA initially advised pausing work, with the expectation that there would be a quick resolution. This has not proved to be the case. The LGA has proposed three options for resolution to the Scheme Advisory Board:
- (a) Continue with the pause until the GAD calculator is available

- (b) Lift the pause and make payments, based on assumptions about how to treat tax on interest
 - (c) Lift the pause and pay but exclude interest on arrears owed to members for the time being.
20. Option (a) represents a further delay to remedy, with negative impacts on members who have already experienced a significant delay in accessing benefits. Should the GAD calculator take significant time to produce, it may also threaten the overall timetable for remedy.
21. Option (b) is high risk as it is unlikely that the assumptions would be completely correct, meaning that complex rework would be required. It would also be challenging to explain to members who received updated calculations once the GAD calculator was available.
22. In consultation with Hampshire Pension Services, the Chief Financial Officer is proposing a modified option (c). The proposal is to lift the pause and make payments but exclude all interest for now i.e. interest owed to the Fire Authority by the individual as well as interest owed by the individual to the Fire Authority.
23. This would be the approach taken until the GAD calculator becomes available. Once it is available, future cohorts would be processed in full i.e. including interest. Cohorts who had been processed without the updated GAD calculator would then be recalculated at the end of the process.
24. This approach would allow progress to continue to be made on the McCloud remedy and would allow members to make a choice. This also seems to be a fairer approach – interest would be neither received nor paid.
25. There is a risk with this approach that members may incur a small tax charge. This would need to be made clear to members, who would then have the option of choosing to wait until the GAD calculator was available to make their choices and receive their payment.
26. The views of the Pension Board are sought on the proposed option.
27. The risk register, referred to in more detail later in this report, has been updated to reflect this issue.

MATTHEWS – GENERAL UPDATE

28. Progress continues on the Matthews remedy, with around 25% of those contacted having returned an expression of interest form.

29. The Matthews GAD calculator has proved challenging to operate and internal work on the quality assurance of calculations has been carried out. This has taken longer than had been originally estimated. However, individual statements of details, covering the costs and benefits of pension buy back have begun to be issued. It is anticipated that the numbers of issued statements will increase significantly now that teething problems with the GAD calculator have been ironed out.
30. Informal feedback from members suggests that the communications shared to date have been challenging to interpret. In light of this a follow up communication with a simpler message has been drafted and will be shared with members who are yet to respond. Work on processing those claims which have been received to date continues.

RISK REVIEW

31. There are a number of items in pension administration and governance which contain elements of risk. These are captured on the specific Pension Board risk register. Currently there are no pension related risks on the organisational risk register.

RISK REGISTER

32. Risk 5 has been amended to flag the risk of the issues discussed above and future unforeseen national issues. The mitigated risk score has been increased as these issues are largely outside of the control of the Fire Authority.
33. Risk 8 surrounding changes to the Shared Services model will remain live until the new HR team has become fully embedded within the service and has taken on a full role in pension related issues.
34. Risk 9 has been added on the assumption that the Board are supportive of the proposal outlined in paragraph 19 above. Some mitigations are included but as they have not yet been implemented, the mitigated score remains the same as the unmitigated.
35. The board are asked to review the Risk Register and to suggest any amendments. The Risk Register can be found in APPENDIX A.

RECOMMENDATION

36. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
37. That the risk register as set out in paragraphs 32 - 35 and Appendix A be approved by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

38. APPENDIX A – Risk Register

Contact: Catherine Edgecombe, Chief Financial Officer, 0370 779 6214

Risk number	Date identified	Risk area	Risk description	Likelihood	Impact	Risk score	Control measure / mitigation	Likelihood after mitigation	Impact after mitigation	Risk score after mitigation	Risk owner
1	12/05/2017	Operations	Failure to administer the pension scheme in a proper and effective manner	2	3	6	a) Liaison with employer b) End of Year c) Employer hub (UPM access) d) Fire Employer Group & Pensions Admin Group e) Fire Pension Board f) Management oversight and escalation to Chief Finance Officer for HIWFRA or Standard's & Governance Committee or Director of Operations as appropriate g) Diversification - we run a Shared Services arrangement h) Ability to call in temporary staff for peak workloads i) Business continuity plan	1	3	3	Scheme Manager
2	12/05/2017	Financial	Failure to pay the right amounts on time and in line with legislation	3	3	9	Pensions Services: - a) Testing software b) Internal and External Audits c) Standardisation of systems and processes d) All processes and calculation have a "doer" and a separate "checker" e) Monthly mortality screening for pensions in payment f) Declaration of Entitlement forms annually to pensioners and beneficiaries living overseas or upon mail being returned g) Participation in National Fraud Initiative reporting	2	3	6	Pension Administrator
3	12/05/2017	Funding	Failure to adequately account for fund pension contributions	2	4	8	a) Strong financial plan for HIWFRA b) Planned budget c) Aim to complete all Home Office returns on time	1	4	4	Scheme Manager
4	12/05/2017	Regulatory and Compliance	Failure to identify and interpret and implement legislation correctly	3	4	12	a) Scheme Advisory Board b) Local Government Association (LGA) c) Regional Fire Pension Officer Group d) Fire Technical Group e) Fire Communication Working Group f) Fire Pension Board g) Employer Pension Manager as a dedicated resource liaising between - Fire Employer Group & Pensions Admin Group, pulling together - Key Accountabilities for IBC Pensions Admin Team, HR and Hampshire Pension Services	1	4	4	Scheme Manager
5	08/10/2020	McCloud	Failure to successfully implement the McCloud remedy to all affected members within the timescales prescribed. This could be due to the current Immediate Choice Remediable Service Statement issue or to a future as yet unforeseen issue.	3	4	12	a) Communications are developed in a timely manner b) Project is managed effectively with robust plans, reporting and escalation and regular, proactive representation at national groups c) Work across departments to be co-ordinated from the McCloud Remedy Working Group	3	4	12	Scheme Manager

Risk number	Date identified	Risk area	Risk description	Likelihood	Impact	Risk score	Control measure / mitigation	Likelihood after mitigation	Impact after mitigation	Risk score after mitigation	Risk owner
6	25/03/2022	Matthews	Failure to obtain all relevant information from IoW Council or to successfully implement the Matthews remedy for HIWFRA to all affected members within the timescales prescribed.	2	3	6	Services b) Communications are developed in a timely manner c) Project is managed effectively with robust plans, reporting and escalation d) Key involvement from the Employer Pension Manager with the Matthews Technical Working Group as well as the Fire Technical Group and the Fire Communications Working Group to ensure all information is received e) Work across departments to be co-ordinated from the Fire Employer Group	2	2	4	Scheme Manager
7	31/01/2023	Staffing	Failure to adequately resource the pension administration team for the upcoming McCloud and Matthews remedy implementations as well as Pensions Dashboards	3	3	9	a) Staff recruited specifically for McCloud tasks or to backfill positions so more experienced staff can be released for project b) Job adverts revised to attract more staff to work in Hampshire Pension Services c) Training programmes put in place for staff to aid retention and to build skills, experience and knowledge	2	2	4	Pension Administrator
8	21/03/2023	Changes to Shared Services	Changes to the Shared Services partnership mean that HIWFRA is withdrawing from some strategic services, including HR. There is a risk that changes could negatively impact on the employer pension management shared function which sits within HR.	4	3	12	This risk is now mitigated as follows:- a) Inclusion of pension expertise in future HR structure b) Additional support from pension services and IBC pensions administration c) Interim project management support from with HIWFRS for pensions issues until new HR structure is in place	3	3	9	Scheme Manager
9	09/04/2024	Interest related	If the option to continue processing cases is taken, there is a risk that a members may incur a small tax charge.	3	2	6	a) Clear communication with members b) Discussion with the Pension Board on proposed approach c) Ongoing engagement with national discussion on the issue	3	2	6	Scheme Manager