



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 21 November 2024 2.00 pm	<i>Fire & Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	Room Z - Fire & Police Shared HQ, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

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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 - 8)

To confirm the minutes of the previous meeting.

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 LEGISLATION AND LOCAL GOVERNMENT (LGA) UPDATE REPORT
(Pages 9 - 16)

To receive a report providing an update on legislation and the Local Government Association.

7 FIRE PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW (Pages 17 - 26)

To receive an update on the development of key issues and to review the Risk Register.

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.

Public Document Pack Agenda Item 3

AT A MEETING of the HIWFRA Firefighters' Pension Board of HAMPSHIRE COUNTY COUNCIL held at the Hampshire and Isle of Wight Fire and Police Headquarters, Eastleigh on Tuesday 13 August 2024

Chairman: * Richard Scarth
Vice-Chairman: * Sean Harrison

* Councillor Roger Price	* Richard North
* Tor Strowger	* Ross Singleton
* Ant Westbrook	Rob Sansome

113. ELECTION OF CHAIRMAN

The Clerk called for nominations for a Chairman, noting the requirements of the Firefighters' Pension Board Terms of Reference. Richard Scarth was nominated by Sean Harrison and seconded by Richard North and in the absence of any further nominations duly appointed Chairman of the HIWFRA Firefighters' Pension Board until the first meeting of the Board following the annual meeting of the Fire Authority in 2025.

114. ELECTION OF VICE-CHAIRMAN

The Chairman called for nominations for a Vice-Chairman, noting the requirements of the Firefighters' Pension Board Terms of Reference. Sean Harrison was nominated by Ross Singleton, seconded by Cllr Roger Price and in the absence of any further nominations duly appointed Vice-Chairman of the HIWFRA Firefighters' Pension Board until the first meeting of the Board following the annual meeting of the Fire Authority in 2025.

115. APOLOGIES FOR ABSENCE

Apologies were received from Rob Sansome.

116. 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.

No interests were declared.

117. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting held on 18 April 2024 were reviewed and agreed.

118. **DEPUTATIONS**

There were no deputations on this occasion.

119. **CHAIRMAN'S ANNOUNCEMENTS**

Stew Adamson, Mark Hilton, and Dan Tasker were acknowledged and thanked for their contributions to the Pension Board. A warm welcome was extended to new members, Tor Strowger and Ant Westbrook, followed by quick introductions around the room. It was noted that the Terms of Reference for the Pension Board would be recirculated to all members. New Board members were cautioned that they might start receiving contact from staff about Pensions and were advised not to provide advice but to signpost staff to the appropriate resources. Additionally, members were reminded to sign up for upcoming training sessions and to complete the Declaration of Interest paperwork if it had been requested.

120. **HAMPSHIRE PENSION SERVICES ANNUAL ADMINISTRATION REPORT**

The Board received the annual administration report from Hampshire Pension Services from the Chief Financial Officer (item 8 in the minute book).

It was noted that the report omitted the Matthews remedy, which is acceptable as it is not technically related to Pensions. The team had successfully hit their current targets and was on track to meet upcoming ones. The report also covered membership and administrative performance, highlighting that 100% of cases were dealt with on time, with many being completed before the deadline. There were no complaints reported. Regular audits had been completed, with more scheduled in the future. Cyber security remained a significant ongoing issue but was being addressed as part of the external audit.

Customer Service Excellence and The Pension Regulator scores were reasonably high, although there was missing data that still needed to be completed. None of the missing data had caused issues with payouts. There is the potential for a significant increase in pension numbers due to the Matthews remedy. It was noted that estimates used for charts lacked clear timeframes, suggesting a non-holistic approach. A holistic approach would be more beneficial for the Board. The Chief Financial Officer advised communications had been sent out about requesting pension estimates.

The Board discussed the report's classification of the estimate timeframe, determining that it started not from the date of the request but from when other teams had completed their actions and it was received by the Pensions team. The Chief Financial Officer would address the issue of delays and arrange better communications. The report showed an average maximum wait time of 64 seconds for calls to be answered and The Chief Financial Officer offered to query the term 'average maximum wait time' to provide accurate data to the Board.

There had been an increase in registrations to the Member Portal, and the upcoming Annual Member Statement was expected to boost this further. Currently, 40% of active Firefighters were not registered.

The upcoming Pension Dashboards project would allow members to see all previous pensions held. This large-scale Government project aimed to gather accurate data by the October 2025 deadline, which would be especially helpful for on-call firefighters with alternate jobs. The project currently targeted large companies, with smaller ones expected to join later, minimising the risk of 'lost' pensions. The Pension Team would circulate information when available.

Cyber security testing was ongoing, with most issues related to end-user passwords. Richard North noted that the secondary sign-on method recently changed from email to text message, which was faster and more efficient.

Cllr Price suggested reducing abbreviations in the report or including a list of abbreviations to make it more accessible which the Chief Financial Officer agreed to investigate for future reporting.

The Chairman inquired about the impact of increased pension volume on payments. The Chief Financial Officer explained that project costs for McCloud and Matthews were being paid, and ongoing costs would be assessed moving forward. The Board would evaluate whether Hampshire Pension Services or another provider was the best option, however, as a Firefighter Pension, there are a limited number of suitable providers. It was agreed that the potential cost increase should be added to the Risk Register.

RESOLUTION

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

121. **LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA) UPDATE REPORT**

The Board received the Legislation and Local Government Association (LGA) Update Report from the Chief Financial Officer (item 9 in the minute book).

In summarising the report, the officer highlighted that Pension statements were being made to show options with templates being produced nationally. There were a number of ongoing issues relating to tax for the Pensions Remedy that should have been resolved prior to legislation being put in place which were leading to issues with implementing the remedy. ,.

Annual Benefit Statements were due to be sent out by 31 August 2024, and the Authority was working towards that date with communications due to go out imminently. It was noted that the Annual Benefit Statements were generated using software and then double-checked manually and a tax-related statement was due out in the Autumn of 2024. All active, deferred, and retired Firefighters were to receive statements by 31 March 2025. If any deadline were not met, it would be reported as a breach to the Board, for the Board to decide if the Pension Regulator needed to be informed.

The officer explained how there continued to be issues around tools and calculations with the Matthews remedy, around dates and lack of guidance. A tax complication had also arisen in that people were being paid in a lump sum and were subsequently paying all of the tax in one financial year.

HMRC had a member calculator to assist anyone who has had a large salary increase to notify them, however, there was an error in the form, and it had to be removed. The Board members were advised to signpost anyone impacted by a large salary increase to contact HMRC directly as an alternative in the meantime.

Training opportunities for Board Members were being taken up, and the Board was advised to continue booking onto courses. The Chief Financial Officer agreed to try and get a training session from LGA to assist Members.

RESOLUTION

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

122. **PENSION BOARD STATUS REPORT AND RISK REGISTER REVIEW**

The Board received the Pension Board Status Report and Risk Register Review from the Chief Financial Officer (item 10 in the minute book).

A presentation was given at the pre-retirement conference in July, and follow-up information would be sent to attendees. The Pension Section on the Portal, mentioned in Routine Notice, included a link to a SharePoint page where the information was permanently held.

The Local Government Association (LGA) hosted regular sessions where attendees could interact with IBC, HR, Pensions, and occasionally National Fire Chiefs.

HR & Pensions met with Hampshire Pension Services, and it was reminded that Pension re-enrolment was mandatory every three years, but people could opt-out once this had been completed if they wished to. Last time, sixty-eight were registered, and only fifty-five opted out. Opt-out rates for new recruits are being measured, and currently, all new recruits are in the Scheme.

Cllr Price inquired if all new recruits signed into the Portal. The Chief Financial Officer confirmed that it was emphasised in the recent presentation, and recruits were advised to sign in at that time.

Progress on the implementation of McCloud was discussed, with confirmation that some issues remain unresolved. The topic of tax on interest payments was revisited from the last meeting, specifically addressing the 8% interest rate offered, which aligns with Tribunal payouts. However, this rate exceeds the base rate, resulting in unfairly high tax penalties. It was noted that these higher tax penalties have now been approved for removal and are no longer applied. A new issue with the 1992 scheme was highlighted relating to potential double taxation, but the financial risk to the Service was low and calculated. The

approach would be applied cohort by cohort moving forward and Board was satisfied with this approach. An update would be provided to the Board following a written Ministerial Statement that would be issued and the Chief Financial Officer would look at potential communications with staff and these would include if felt beneficial.

The report examined compensation in two ways, and it was confirmed that the automatic compensation involved no loss of monies from the Service, while the non-automatic compensation could. The main cost was currently believed to be in administration. Communications will need to go out on this matter, but not until it is significantly clearer. Fortunately, the six-month timeframe did not start until a process window was opened, and it was expected that national guidance would be received by that point.

Regarding Matthews, the Chief Financial Officer confirmed that a complicated calculator and statement have been issued and the Authority was proceeding based on what it was believed the rules would change to.

The Board was pleased to learn that the IBC Pensions team was making satisfactory progress, It was queried whether communications would go out or virtual Q&A sessions would be offered and confirmed that whilst basic questions should be dealt with by HR, there would be lots of individual queries.

Richard North suggested duplicating communications to the Past Members Association and was happy to do that himself. It was discussed that there are no Government communications being released about this, so communications should be sent to Internal and Past Members Association to advise that this is coming out, who it is coming from, etc. Social media communications will also be considered.

The Risk Register had been updated to include changes in personnel, which would be removed once the handover to HR had been completed. A new risk will be added relating to compensation and it was also agreed to add a risk showing the increase in costs due to the increase in pension numbers.

RESOLUTION

- The content of the report was noted by the HIWFRA Firefighters' Pension Board.
- The risk register as set out in paragraphs 32 - 39 and Appendix A was approved by the HIWFRA Firefighters' Pension Board with the following additions: a new risk related to compensation and an additional risk reflecting the increased costs due to the rise in pension numbers.

Chairman,

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

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **21 NOVEMBER 2024**

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

Report of Chief Financial Officer

SUMMARY

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

FPS BULLETINS

2. The LGA issue a bulletin each month which is sent to a list of contacts, and is also accessible via the www.fpsregs.org website. The bulletins contain detailed information, and the key items are highlighted in this report.
3. There have been three bulletins issued since the last Firefighters Pension Board reports were written. Bulletins 83, 84 and 85 can be found in APPENDICES B – D.
4. As highlighted previously, a new approach has recently been taken to preparing this report. High level summaries of the updates for each broad area of work are included within the report, with more detail on each of the specific actions included as APPENDIX A.

McCLOUD PENSION REMEDY

5. As summarised in the appendix, the LGA bulletins contain a number of updates relating to the McCloud pension remedy. There continue to be business as usual updates on calculators, which are being managed by

Pension Services. The bulletins also cover a number of more substantive updates, including statutory deadlines, accounting arrangements and compensation.

6. Specifics on the HIWFRS position on McCloud are covered in the Status report on this agenda.

MATTHEWS PENSION REMEDY

7. As outlined in previous reports, progress on the Matthews pension remedy continues to be slow at a national level. A more detailed update on the HIWFRS position is provided in the pension board Status Report in this agenda.
8. The LGA bulletins included links to revised versions of the calculator tool and a guide on how to use these has been produced. GAD are also in the process of developing a process for 'manual cases' which are not covered by the standard Matthews 2 (Second Options Exercise) calculator.
9. The bulletins provided guidance concerning tax issues relating to the Matthews remedy, specifically in relation to death grant lump sum payments, and also outlined the different circumstances in which they should be treated as taxable or non-taxable.

SCHEME ADVISORY BOARD

10. Regular updates on the work of the Scheme Advisory Board are provided in the bulletins. A particular highlight is the Board's role in raising concerns regarding the tax issues surrounding immediate choice members who have elected for a lump sum.

TRAINING OPPORTUNITIES

11. The following training opportunities have been highlighted:
 - (a) Thursday 23 January 2025 10:00 – 14:00 (MS Teams) [fully booked]
 - (b) Tuesday 25 March 2025 10:00 – 14:00 (MS Teams) [fully booked]
 - (c) Monday 16 June 2025 13:00 – 17:00 (MS Teams)
 - (d) Wednesday 17 September 2025 11:00 – 15:30 (in person, London)
 - (e) Thursday 22 January 2026 10:00 – 14:00 (MS Teams)

If board members are interested in taking up any of the training opportunities, please email bluelightpensions@local.gov.uk.

FIREFIGHTERS PENSION CONFERENCE

12. Representatives from HR and the Pension Board attended the annual Firefighters Pension Conference at the LGA on 18-19 September to continue to develop knowledge about the pension schemes and remedies, and also build relationships and networks with other fire services.

PENSION DASHBOARDS

13. The connection date for all public service pension schemes to the Pension Dashboard project has been confirmed as 31 October 2025. Hampshire Pension Services are leading and co-ordinating this piece of work on behalf of the Service.

PENSION OMBUDSMAN

14. Regular key messages from the Pension Ombudsman are provided in the bulletins. There are no particular updates to highlight from the bulletins.

HMRC

15. The bulletins also provide key updates from an HMRC perspective, and included guidance relating to Pension Commencement Excess Lump Sum (PCELS) and Scheme Pays. The bulletin also highlighted that GAD has produced further guidance advising that tax charges may be due for those who retired on or after 6 April 2023 and took a lump sum above £268,275.

RECOMMENDATION

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

APPENDICES ATTACHED

17. APPENDIX A - Detailed Bulletin Review
18. APPENDIX B - [FPS Bulletin 83 - July 2024](#)

19. APPENDIX C - [FPS Bulletin 84 - August 2024](#)

20. APPENDIX D - [FPS Bulletin 85 - September 2024](#)

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

APPENDIX A – Detailed Bulletin Review

Topic	Bulletin	Update	Action
Pension Forecasts	83	Collection of pension forecasts for period 2024/25 to 2029/30	Complete
Annual Benefit Statements	83	Production of annual benefit statements	Complete – further details in Status Report
McCloud	83	Remediable Service Statements, contribution amendments factsheets, beneficiary Remediable Service Statements	Complete – Pension Services are aware of new resources available
McCloud	83	Contingent Decisions	Service has adopted a holding position pending the availability of further guidance
McCloud	83	Unauthorised Payments and Annual Allowance – factsheets issued	Link to HMRC Member Tax Calculator
Matthews	83	New version of GAD calculators issued	Complete – correct versions are being used
Matthews	83	Coding of payments for accounting/valuation purposes	In progress
Matthews	83	Processing priority order	In progress – the service has taken a pragmatic approach to this with more detail in the Status report
Matthews	83	Statutory deadlines	In progress – covered in main report

SAB	83	SAB meeting update – letter to the Fire minister setting out concerns over additional legislation required to allow for offsetting for those immediate choice members who upon retirement elected for a lump sum over the HMRC maximum and were required to pay an authorised payment	No action – for information
Training	83	Dates of pension board training sessions	Complete – covered in main report
Pension reporting	84	Collection and submission of data	Complete – submitted
Scheme Valuation	84	Membership data extracts for 2024 valuation. Noted that this is an additional ask on pension administrators	In progress
McCloud	84	Treasury Directions – tax relief on contributions for active members	LGA have put forward a recommended approach to dealing with this and received no objections
Matthews	84	Deceased firefighters – death grant for extended limited period and additional death grants	In progress – we are in the process of writing to beneficiaries of deceased members to advise them of the options available
CETV	84	GAD guidance for Cash Equivalent Transfer Value (CETV) has been updated	GAD have recently finalised a revised guidance note regarding CETVs for FPS 2006, and an addendum to the 1992 Scheme CETV guidance note, to correct

			the formula applying for Club transfer calculations
Pension Dashboards	84	Update on progress, confirming connection deadline for public service pension schemes of 31/10/25.	Complete – Pension Services aware of the guidance
The Pensions Regulator	84	Update to 'General Code' compliance	To note – FRA's are advised to review their own compliance against the Code, and Local Pension Boards are advised to include this as a standing agenda item. This will be reviewed for future reports.
PCELS	84	Update regarding Pension Commencement Excess Lump Sum – a tax free payment which most people can receive when they start accessing their pension benefits. It is normally 25% of the value of the pension benefits	To note – tax charges may be due for members taking a lump sum above £268,275 on or after 6 April 2023, as this was when the lifetime allowance was removed
Training	84	Further dates for training sessions	Complete – covered in main report
McCloud	85	Submit compensation arrangement claims for Q2 (2024/25)	Complete – covering automatic compensation only
Matthews	85	Project implementation data request	In progress
SAB update	85	SAB meeting update – linked to point above (in bulletin 83). Response	No action

		received from Fire Minister advising that legislative changes to the tax regulations will be required to resolve this issue and that HM Treasury have confirmed this will not be before 2025	
Firefighters' Pension Team	85	Claire Johnson notified scheme managers of the arrangements that will be in place whilst she is on maternity leave	No action
Pension Wise appointments	85	In September 2024, the Money and Pension Service (MAPS) launched digital pension wise appointments	No action
Pension Dashboards	85	Guidance and updates issued by The Pensions Regulator	Complete
Training	85	Further dates for training sessions; Firefighters Pensions AGM in September	Complete – covered in main report
Firefighters Pension AGM	85	Annual meeting took place in September, which representatives from HIWFRS attended	No action



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

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **21 NOVEMBER 2024**

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

Report of Chief Financial Officer

SUMMARY

1. This report provides an HIWFRA specific activity update. Due to the crucial stages in the implementation of the McCloud and Matthews remedies and the importance and complexity of this work, the report mainly focuses on these issues.

COMMUNICATION

2. The HR team delivered presentations to new recruits and at the pre-retirement course in October.
3. Communications were issued in Routine Notice in September to remind staff how to raise pension related queries. These were a repeat of the communications issued in July.
4. Following the issue of Annual Benefit Statements, communications were published in Routine Notice. These highlighted more detailed information on the Pension Services website. This information was revised following feedback from members.

MEETINGS

5. Representatives from HIWFRA, IBC pensions administration and Hampshire Pension Services continue to attend information sharing

meetings as appropriate. The Chief Financial Officer also attended a pensions session at the national Fire Finance Network conference.

6. Monthly meetings between Hampshire Pension Services and the Chief Financial Officer, to review bulletins and to agree on actions have continued.
7. The Chief Financial Officer continues to attend McCloud remedy working group meetings with representatives from Pension Services, IBC pensions administration and Hampshire Constabulary.
8. Representatives from the HR team and from the Pension Board attended the Local Government Association Annual Firefighters Pension Conference.
9. The Local Government Association came to the service in November to present to the HR team. The session covered a wide range of pensions topics.

McCLOUD REMEDY

10. Since the last pension board meeting, some significant progress on the implementation of the McCloud pension remedy has been made.
11. A key milestone in the remedy timetable was to produce Remediable Service Statement Annual Benefit Statements for active and deferred members by 31 August 2024.
12. By 31 August the position for the service was as follows:

	Expected	Produced	Outstanding	% Produced	% Outstanding
Active	571	559	12	97.9	2.1
Deferred	336	216	120	64.3	35.7
Total	907	775	132	85.4	14.6

13. By 20 September there were 3 active and 12 deferred statements outstanding. All statements have now been issued.
14. The fact that the statements were not all issued by 31 August 2024 is a breach. The Local Government Association have recommended that all breaches are reported to the Pensions Regulator. Following this meeting, the breach and the current situation will be reported to the Pension Regulator.
15. The statements were produced using a nationally agreed template. Officers within the Service and Pension Services have been dealing with a large number of queries relating to the statements. Recipients of statements with

queries are encouraged to contact Pension Services so that queries can be addressed and feedback to the national team on the format of statements can be provided.

16. Communications attempted to clarify the action needed by members in receipt of a statement. The key points to note are that:
 - (a) Members do not need to make a choice about the benefits they wish to receive until they reach retirement.
 - (b) Some members who are planning to return to their legacy scheme (usually the 1992 scheme) will owe contributions. These can be paid in the three months following the issuing of the Remediable Service Statement each year or can be paid on retirement. Interest applies to these contributions.
 - (c) Some members who are planning to return to their legacy scheme (usually the 2006 scheme) will be owed a refund of contributions. These refunds can be dealt with in the three months following the issuing of the Remediable Service Statement each year or on retirement. Interest will also be applied.
17. The next deadline was to produce Remediable Pension Savings Statements (which covered the entire remedy period plus 2023 and 2024) by 6 October 2024. These statements were issued to people who had breached annual allowance thresholds and need to take action relating to tax. These statements were issued by the deadline.
18. This means that the following parts of the McCloud remedy are now complete:
 - (a) Remediable Service Statements issued to pensioners who retired on ill health grounds and the beneficiaries of deceased firefighters
 - (b) Remediable Service Statements for active and deferred members
 - (c) Pension Savings Statements
 - (d) Remedy for people who have retired since 1 October 2023.
19. The next stage of the remedy is to produce statements for members who retired between the start of the remedy period in 2015 and 1 October 2023. Production of these statements remains a manual and time-consuming process but work is underway. The focus will initially be on members who were unprotected (i.e. transitioned immediately to the 2015 scheme) or members who were taper protected (i.e. transitioned during the remedy period).
20. The final cohort to be addressed are members who were fully protected in the legacy scheme i.e. those who did not transition to the 2015 scheme. Advice on this cohort has been sought and it is clear that these members will each need to be issued with Remediable Service Statements, setting out their options i.e. to move to the 2015 scheme for the remedy period.

21. Communication to these members will attempt to reassure members and need to be carefully considered to avoid unnecessary concern.
22. Last meeting Board members were briefed on a potential tax issue concerning those members who originally took a lump sum in excess of the 25% allowable by HMRC. The issue was that any new tax owing could not be offset against tax paid to date. The Board were supportive of a risk based decision to proceed with remedy for people who had retired on ill health grounds and the beneficiaries of deceased firefighters on the basis that this tax issue would be resolved.
23. The issue has now been resolved so the processing of other pensioner cohorts can continue without this tax risk.
24. Currently the remedy is on track to be delivered within the statutory deadline. However, there is a risk that statements for fully protected members may not all be produced by the 31 March 2025 deadline. This will be monitored over the coming months.
25. The Service has not yet opened a compensation scheme. Officers are considering how a scheme could work, taking the need for national consistency into account.

MATTHEWS REMEDY

26. Significant progress on the Matthews remedy has now been made, as set out in the table below:

	Number of individuals	Number of individuals
Total cohort in scope	920	
Have expressed an interest	394	
➔ Have had a statement issued		337
➔ Have had their case fully processed		0
Details are being traced	141	
Third reminder by recorded delivery	385	

27. Of the 394 members who have expressed an interest 85.5% (337) have had a statement issued. Currently no cases have been fully completed, although work is underway to address this as a matter of priority.
28. Third reminder letters will be sent by recorded delivery. If letters are received, no further action will be taken. If letters are undeliverable then tracing will be carried out.

29. Although the issuing of a significant number of statements has been a positive step, it has resulted in a high volume of queries for those people who are struggling to understand the output they have received.
30. The HR team have been working on responses to these queries, including using resources from the Local Government Association and locally developed answers. Following initial delays, questions are now being responded to more promptly, apart from in complex cases where external guidance needs to be sought.
31. It is likely that some Matthews processing will pass the 31 March 2025 deadline. Scheme manager discretion can be exercised to allow this to continue. It is also possible that the statutory deadline may be reviewed.
32. As further complexities and anomalies with the Matthews remedy emerge, the risk of the need to complete a further options exercise remains. National discussion on these issues is being monitored by officers.

RISK REVIEW

33. 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

34. Last meeting risk 10, relating to the ability to offset previous tax payments against new tax payments for lump sums was added. This risk has been removed as the issue is now resolved.
35. The likelihood of risk 5 (failure to implement the McCloud remedy within statutory timescales) has been increased from 3 to 4. However, given that the risk is around statements for fully protected members, the impact of this has been reduced from 3 to 2.
36. Risk 8 relating to the embedded HR team and pension responsibilities has been reduced as the team have now completed pension training and are building their knowledge of this area.
37. Risk 11 relates to the risk that elements of the Matthews remedy will need to be repeated. This risk is not yet mitigated.

RECOMMENDATION

38. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
39. That the reporting of the breach on Annual Benefit Statements to the Pension Regulator be noted
40. That the risk register as set out in paragraphs 33 - 37 and Appendix A be approved by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

41. APPENDIX A – Risk Register

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

APPENDIX A

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 Audit & 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) Fire HR team and Chief Financial Officer 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.	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	4	2	8	Scheme Manager
6	25/03/2022	Matthews	Failure to obtain all relevant information from IoW Council or to successfully implement the Matthews	2	3	6	a) Liaison with IoW Council, IBC Pensions Admin Team and Hampshire Pension 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	2	2	4	Scheme Manager

			remedy for HIWFRA to all affected members within the timescales prescribed.				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				
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.	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)LGA training session for HR team	2	3	6	Scheme Manager

			There is a risk that changes could negatively impact on the employer pension management shared function which sits within HR.								
11	01/08/2024	Matthews	A further Matthews exercise may need to be completed due to issues with the second options exercise	3	4	12	Currently unmitigated	3	4	12	Scheme Manager