



## NOTICE OF MEETING

<i>Meeting</i>	<b>HIWFRA Firefighters' Pension Board</b>	<i>Clerk to the Hampshire &amp; Isle of Wight Fire and Rescue Authority</i> <b>CFO Neil Odin</b>
<i>Date and Time</i>	<b>Tuesday, 5th July, 2022 2.00 pm</b>	<i>Fire &amp; Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	<b>Meeting Room A. Fire &amp; Police HQ, Leigh Road, Eastleigh</b>	
<i>Enquiries to</i>	<b><u><a href="mailto:members.services@hants.gov.uk">members.services@hants.gov.uk</a></u></b>	

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## Agenda

### 1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2 ELECTION OF CHAIRMAN

To elect a Chairman of the Pension Board in accordance with the Terms of Reference until the first meeting of the Board following the 2023 HIWFRA AGM.

### 3 ELECTION OF VICE-CHAIRMAN

To elect a Vice-Chairman of the Pension Board in accordance with the Terms of Reference until the first meeting of the Board following the 2023 HIWFRA AGM.

**4      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.

**5      MINUTES OF PREVIOUS MEETING (Pages 5 - 8)**

To confirm the minutes of the previous meeting.

**6      DEPUTATIONS**

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

**7      CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**8      SCHEME ADVISORY BOARD**

To receive a verbal update on the Scheme Advisory Board.

**9      HAMPSHIRE AND ISLE OF WIGHT FIRE PENSIONS  
ADMINISTRATION REPORT 2021/22 (Pages 9 - 20)**

To receive a report providing an update on Pensions Administration for 2021/22.

**10     LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION (LGA)  
UPDATE REPORT (Pages 21 - 58)**

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

**11     FIRE PENSION BOARD STATUS REPORT AND RISK REGISTER  
REVIEW (Pages 59 - 72)**

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](http://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 5

AT A MEETING of the HIWFRA Firefighters' Pension Board held at Fire and Police HQ, Eastleigh on Tuesday, 19th April, 2022

Chairman:

\* Stew Adamson

Vice-Chairman:

\* Richard North

Sean Harrison

\* Councillor Roger Price

\* Ross Singleton

\* Mark Hilton

Richard Scarth

Dan Tasker

\* Present

## 27. **APOLOGIES FOR ABSENCE**

Apologies were received from Sean Harrison, Richard Scarth and Dan Tasker.

## 28. **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.

## 29. **MINUTES OF PREVIOUS MEETING**

It was noted that concerns had been raised at the previous meeting regarding the Immediate Detriment and age discrimination, but the Board was reassured by the Chief Financial Officer that work was being done to resolve the issues.

With this in mind, the minutes of the meeting were then agreed as a correct record.

## 30. **DEPUTATIONS**

There were no deputations for the meeting.

## 31. **CHAIRMAN'S ANNOUNCEMENTS**

There were no formal Chairman's announcements.

**32. SCHEME ADVISORY BOARD**

The Board received an update from the County Councillor Employer Representative. Whilst they did not attend the last Scheme Advisory Board, it was confirmed that a letter had been circulated from the Fire Brigade's Union and the Local Government Association to the Home Office and HM Treasury asking for an age discrimination remedy.

**33. FIRE PENSION BOARD ANNUAL REPORT (2021/22)**

The Board received a report from the Chef Financial Officer (item 7 of the minute book), which summarised the work of the Board for the 2021/22 financial year in the exercise of its functions.

The officer summarised the report, particularly focusing on the McCloud age discrimination remedy and highlighting paragraph 52 of the report. The Board supported the work of the LGA regarding the Immediate Detriment.

In paragraph 33 of the report, it was confirmed that the reference to overpayments was in relation to pensions.

Officers were thanked for their work.

RESOLVED:

That the annual report was agreed for submission to the HIWFRA Standards and Governance Committee.

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

The Board received an update report from the Chief Financial Officer (item 8 in the minute book).

The abatement and cost control valuation details were highlighted within the report and it was confirmed that further information around regulations was being sought ahead of action being taken around tax impacts of the McCloud remedy as referenced in paragraph 18b of the report.

RESOLVED:

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

**35. 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) on the Status Report and Risk Register Review.

The report was summarised with the Matthews/O'Brien case highlighted, which would run alongside the work on the McCloud case.

The board discussed Appendix B and the benefits of collecting participation data. It was agreed that it would be more helpful to look into percentages of opt-out's for permanent wholetime staff, permanent retained staff and fixed term contract staff to determine whether there would be merit in further investigation.

It was noted that data on retained firefighters related to the Matthews/O'Brien case had been requested from the Isle of Wight and the scoring contained within the Risk Register would be revaluated once this had been received.

**RESOLVED:**

a) That the content of the report was noted by the HIWFRA Firefighters' Pension Board.

b) The HIWFRA Firefighters' Pension Board agreed that investigation be done on the number of opt-out and participation percentages on permanent wholetime staff, permanent retained staff and fixed-term contract staff in order to establish whether there was merit in further pensions data being sourced and analysed.

c) The Risk Register as set out in paragraphs 34-35 and Appendix C was approved by the HIWFRA Firefighters' Pension Board, pending any further updates following the data being received from the Isle of Wight which would be delegated to the Chief Financial Officer.

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Chairman,

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# Administration report

## 2021/2022



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& Isle of Wight**  
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## 1. Summary

- 1.1. The purpose of this report is to update the Hampshire & IOW Fire Pension Board with the 2021/22 position of scheme membership; performance against service level agreements and to provide other important and current information about the administration of the Hampshire & IOW Fire pension schemes.

## 2. Background

- 2.1. Hampshire Pension Services (HPS) administer the Fire pension schemes on behalf of the Chief Fire Officer, under the Joint Working agreement between Hampshire County Council, Hampshire and IOW Fire & Rescue Authority (FRA), the Police & Crime Commissioner for Hampshire and the Chief Constable of Hampshire Constabulary.
- 2.2. Responsibility for the fire schemes sits with the FRA as the scheme manager. HPS therefore administer the schemes in accordance with the statutory regulations and any instructions from the FRA on discretionary matters. The FRA are part of the shared services arrangements, so all salary and service information required for pension calculations is provided to HPS by the IBC.
- 2.3. HPS also administer the Local Government Pension Scheme for the Hampshire Pension Fund, West Sussex Pension Fund, London Borough of Hillingdon and City of Westminster as well as the West Sussex firefighter schemes and the police pension schemes on behalf of Hampshire Police.

## 3. Membership

- 3.1. The table below details the number of members against status for each of the Firefighters' pension schemes as of 31 March 2022.

Scheme	Active	Deferred	Pensioner	Total
<b>2015 Scheme</b>	1,306	661	33	2,000
<b>2006 Modified Scheme</b>	13	47	113	173
<b>2006 Scheme</b>	9	430	78	517
<b>1992 Scheme</b>	16	81	1,133	1,230
<b>Grand Total</b>	<b>1,344</b>	<b>1,219</b>	<b>1,357</b>	<b>3,920</b>

- 3.2. On 1 April 2022, the remaining active members of both the 1992 and 2006 schemes were moved into the 2015 scheme, in accordance with the first part of the McCloud remedy. These members will move back into their legacy scheme on 1 October 2023.

## 4. Administration performance

4.1. Pensions Services' performance against agreed service level agreements (SLA) for key processes are monitored monthly. The SLA is 15 working days for all processes apart from the calculation of deferred benefits which is 30 working days.

4.2. The tables below show performance for the four quarters of 2021/22.

### Q1

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	16	2	0	0	0	18	100.00%
Deferred Retirement	1	0	0	0	0	1	100.00%
Estimates	10	9	9	0	0	28	100.00%
Deferred Benefits	6	14	0	1	0	21	100.00%
Transfers In & Out	1	0	0	0	0	1	100.00%
Divorce	0	0	2	0	0	2	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	3	0	0	0	0	3	100.00%
<b>Grand Total</b>	<b>37</b>	<b>25</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>74</b>	<b>100.00%</b>

### Q2

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	7	2	0	0	0	9	100.00%
Deferred Retirement	3	0	0	0	0	3	100.00%
Estimates	4	0	5	0	0	9	100.00%
Deferred Benefits	11	20	5	6	0	42	100.00%
Transfers In & Out	0	0	0	0	0	0	100.00%
Divorce	0	0	1	0	0	1	100.00%
Refunds	0	1	0	0	0	1	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	2	0	0	0	0	2	100.00%
<b>Grand Total</b>	<b>27</b>	<b>23</b>	<b>11</b>	<b>6</b>	<b>0</b>	<b>67</b>	<b>100.00%</b>

### Q3

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	4	1	0	0	0	5	100.00%
Deferred Retirement	0	0	1	0	0	1	100.00%
Estimates	6	8	27	0	0	41	100.00%
Deferred Benefits	5	9	5	14	0	33	100.00%
Transfers In & Out	1	0	1	0	0	2	100.00%
Divorce	0	0	4	0	0	4	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	8	0	0	0	0	8	100.00%
<b>Grand Total</b>	<b>24</b>	<b>18</b>	<b>38</b>	<b>14</b>	<b>0</b>	<b>94</b>	<b>100.00%</b>

### Q4

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	4	7	5	0	0	16	100.00%
Deferred Retirement	0	2	1	0	0	3	100.00%
Estimates	8	9	20	0	0	37	100.00%
Deferred Benefits	1	12	10	9	0	32	100.00%
Transfers In & Out	0	1	2	0	0	3	100.00%
Divorce	0	0	3	0	0	3	100.00%
Refunds	0	1	0	0	0	1	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	3	0	0	0	0	3	100.00%
<b>Grand Total</b>	<b>16</b>	<b>32</b>	<b>41</b>	<b>9</b>	<b>0</b>	<b>98</b>	<b>100.00%</b>

4.3. The table below shows the summary of work completed in 2021/22.

#### Hampshire Fire summary 2021/22

Area of work	Service standard	Number of cases	% cases completed against service standard				Total
			Q1 - 20/21	Q2 - 20/21	Q3 - 20/21	Q4 - 20/21	
			%	%	%	%	
Active Retirement	15 days	48	100.00	100.00	100.00	100.00	100.00%
Deferred Retirement	15 days	8	100.00	100.00	100.00	100.00	100.00%
Estimates	15 days	115	100.00	100.00	100.00	100.00	100.00%
Deferred Benefits	30 days	128	100.00	100.00	100.00	100.00	100.00%
Transfers In & Out	15 days	6	100.00	100.00	100.00	100.00	100.00%
Divorce	15 days	10	100.00	100.00	100.00	100.00	100.00%
Refunds	15 days	2	100.00	100.00	100.00	100.00	100.00%
Interfunds	15 days	0	100.00	100.00	100.00	100.00	100.00%
Death Benefits	15 days	16	100.00	100.00	100.00	100.00	100.00%

- 4.4. The annual pension increase was applied to all Fire deferred and pensioner records, with the first increased payment made on 1 April 2022. Pensioners were contacted prior to the payment date in January and February 2022 to remind them to register for the Member Portal or to opt out of electronic communications so that they would be able to access their annual payslip and P60.

## 5. 2021 Annual benefit statements

- 5.1. All except two of the deferred annual benefit statements and one of the active benefit statements were produced by the statutory deadline of 31 August. The three records which did not have a statement produced by the statutory deadline were ones for members transferred over from the Isle of Wight and had outstanding service issues on them. These cases have since been resolved.
- 5.2. Pension savings statements were sent by the statutory deadline of 6 October to the 23 firefighters who had exceeded the annual allowance in 2020/21. 10 of these had a tax charge and 6 scheme pays requests have been received back so far in relation to these charges.

## 6. Member Portal (online access to pension accounts)

- 6.1. In March 2021, pensioners were given a year's notice of the removal of automatic paper payslips and P60s. Pensioners can instead access their payslips and P60s online through the Member Portal or else provide a written opt out of electronic communications. A reminder letter was sent in February 2022 to ensure that all pensioners have been given a further opportunity to request paper copies if required.
- 6.2. The table below shows the number of officers who have registered for their online Member Portal account, together with the number who have opted out of electronic communications and therefore the number of members who have neither registered nor opted out. It is anticipated that the number of active and deferred registrations or opt outs will increase following the publication of the annual benefit statements by the end of August 2022. Following that, consideration will be given to a targeted communication to encourage those who still have made no contact to either register or opt out.

Status	Registered on Portal		Opted out		No contact	
	Number	% of total membership	Number	% of total membership	Number	% of total membership
<b>Active</b>	662	49.26%	0	0.00%	682	50.74%
<b>Deferred</b>	368	30.19%	3	0.002%	848	69.57%
<b>Pensioner</b>	631	46.50%	300	22.10%	426	31.40%
<b>TOTAL</b>	<b>1,661</b>	<b>42.37%</b>	<b>303</b>	<b>7.73%</b>	<b>1,956</b>	<b>49.90%</b>

- 6.3. From January 2022, it has been possible to report on the number of log ins into the Member Portal. As expected, there was a significant increase in the number of pensioner log ins during March as pensioners were checking their payslip for the annual pension increase.

Membership status	Jan-22	Feb-22	Mar-22	Total
<b>Active</b>	147	100	139	<b>386</b>
<b>Deferred</b>	64	37	91	<b>192</b>
<b>Pensioner</b>	97	211	444	<b>752</b>
<b>Total</b>	<b>308</b>	<b>348</b>	<b>674</b>	<b>1,330</b>

- 6.4. As part of an ongoing programme to increase cyber security, Hampshire IT implemented a geo block on all HCC websites. This prevents people who live in countries typically outside of the EU from connecting and impacted some overseas members who were trying to log onto the Portal from the HPS website. Now that we are aware of the issue, we have provided those members with the direct link to the Portal, and they are able to access it. However, we are still working with IT to find a solution which will allow members to access the HPS website.

## 7. Customer Service Excellence (CSE)

- 7.1. On 26th January 2022 HPS completed a re-assessment of CSE accreditation.
- 7.2. HPS were awarded full compliance for all 57 of the CSE criteria, and in the following six areas were awarded a 'compliance plus'.
- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.

- We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.
- We make our services easily accessible to all customers through provision of a range of alternative channels.
- We monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent further recurrence.

## 8. TPR data scores

- 8.1. The Pension Regulator (TPR) requires schemes to complete an annual return providing details of the contributing employers and governance arrangements. Since 2018, TPR has required schemes to report on the presence and accuracy of common data (information about the individual and basic retirement information) and conditional data (required to calculate specific scheme benefits) as part of the annual return.
- 8.2. The score is based on a pass/fail approach for each member against all data items. This means that if an individual has a single piece of data missing then the individual will count as a fail (even if all other data is present and accurate).
- 8.3. The common and conditional data scores for the Firefighter Pension Schemes are shown below with the previous years in brackets for comparison. Due to the transfer from the Isle of Wight, overall membership numbers increased but the quality of the inherited data contributed to a small decrease in the common data score for the 2006 modified, and the conditional data for the 2015 members. These records will be included in ongoing data cleansing work in preparation for the 2022 TPR reports due in November 2022.

Scheme				
Data type	1992	2006	2006 modified	2015
Common	98% (98%)	95% (88%)	97% (98%)	98% (98%)
Conditional	95% (92%)	98% (98%)	93% (90%)	96% (97%)

## 9. Complaints and data protection

- 9.1. Two formal complaints were received from scheme members during the year. Both of these were from former Isle of Wight firefighters in the modified scheme and both cases resulted from an initial error by the previous administrator.

- 9.2. There was a data protection breach in the year, with a pensioner receiving a payslip for a different member as well as his own. This was caused by the address of one pensioner being too long for the automatic detection software to identify a break between the two documents resulting both being sent to the first address. The team have been reminded that they must check back the number of letters requested in the print run with the expected total.

## 10. Audit

- 10.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for both Hampshire Pension Services (HPS). All internal audits sample records across the schemes administered by HPS. The following internal audits relating to pensions administration for 2021/22 have been completed:

- Pension starters;
- Pension leavers
- Pensions payroll and benefit calculations

- 10.2. These areas have all received a substantial rating meaning that a sound framework of internal control is in place and operating effectively, with no risks to the achievement of system objectives identified.

- 10.3. The pensions administration audits being completed in the coming financial year are:

Audit Area	Timing
<b>Pension Transfers:</b> To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.	Quarter 1
<b>Member Deaths:</b> To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient, with the risk of overpayments minimised.	Quarter 2
<b>UPM - Cyber Security:</b> <i>(This has been identified as a new audit review area)</i> To provide assurance over the Cyber Security arrangements for the UPM application	Quarter 3 / 4
<b>Pensions Payroll and Benefit Calculations:</b> Annual review to provide assurance that systems and controls ensure that:- <ul style="list-style-type: none"> <li>• Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients;</li> </ul>	Quarter 3 / 4

Audit Area	Timing
<ul style="list-style-type: none"> <li>• All changes to on-going pensions are accurate and timely;</li> <li>• Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.</li> </ul>	

## 11. McCloud

- 11.1. All firefighters were moved into the CARE scheme on 1 April 2022 and there are no longer any active members in the legacy schemes in the administration system. Any firefighters who retire before the retrospective remedy legislation is in place will receive benefits based on current legislation i.e., legacy scheme benefits up to the date of transition into the 2015 scheme, and CARE benefits from the 2015 scheme. These firefighters will then be contacted after 1 October 2023 with their choice for retrospective remedy.
- 11.2. The identification of firefighters in scope for the McCloud remedy was completed by the end of April 2022. The data collection exercise is now in hand with the IBC and the target date for provision of the information back to HPS is 30 June 2022.
- 11.3. Civica are continuing to work on the development of the software required to administer the McCloud remedy and are in the final stages of testing the first delivery which should be with HPS by 30 June. Civica are setting up a project governance group consisting of representatives from each authority, as well as representatives from the LGA and NPCC to ensure that the software development is kept on track and will meet the final requirements of the legislation.

## 12. Pensions Dashboard Programme

- 12.1. On 28 February, the consultation for the Pensions Dashboard regulations was published – the HPS response was submitted ahead of the deadline (13 March). The main issue raised in the response was the timescales for providing data if it is not immediately available. Under the draft regulations this must be done within 10 working days, but if the data is not available it is likely to be due to an outstanding query which is unlikely to be resolved with sufficient time for HPS to produce the information within the time limits. This has been identified as an issue across pension schemes.
- 12.2. HPS attended all four of the recent webinars which were presented by the DWP and PDP to understand the scheme administrator obligations in relation to the dashboard.
- 12.3. HPS also attend Civica's Pensions Dashboard working group where technical requirements will be discussed and agreed to ensure full compliance with the eventual regulations.
- 12.4. The first stage is for HPS to appoint an Integrated Service Provider (ISP) which is a requirement of the PDP to connect to the dashboards. Civica are likely to deliver the ISP service for HPS because the member data that the PDP requires is held in UPM. Civica have been asked for costs and a route to procurement which can then be assessed. The



cost of the ISP service will eventually be split by all the pension schemes administered by HPS.

- 12.5. Despite the general reservations about the timescales imposed in the regulations, HPS are in a good position to comply with the pensions dashboard regulations, given the ongoing work to improve data quality, and the high production rate of benefit statements.

## 13. Cyber Security

- 13.1. Hampshire Pension Services requested that IT Services organise and facilitate the penetration testing of the Universal Pensions Management (UPM) application provided by Civica. The penetration testing was comprised of three distinct elements -

- External Penetration testing
- Internal Penetration testing
- Application Penetration testing

- 13.2. These elements were spread across two engagements with 2-Sec, the vendor chosen to undertake the work. The first engagement was to meet the External Penetration testing aspect. We were able to facilitate this as part of our annual penetration testing of our external facing infrastructure. The second engagement was created directly to meet the other two aspects, the internal testing and application testing.

- 13.3. Predominantly the aim of the penetration testing is to identify vulnerabilities within the UPM solution. Vulnerabilities within systems expose a solution to threats, ranging from data loss to external actors taking over the system. The higher the severity of the vulnerability the more likely it is to be exploited and the higher the impact is on the business if exploitation is achieved.

- 13.4. The overall security position for UPM appears to be good at this point in time. Although a number of medium and low vulnerabilities were found within the solution, no high, critical or urgent vulnerabilities were identified. This is unusual for a solution the size and complexity of UPM.

- 13.5. Using Hampshire internal vulnerability assessment scoring system (VAS) none of the issues identified warranted adding to the Hampshire IT vulnerability management register (VMR) long term, nor did any of them require escalation to the Hampshire IT Information Security Management Forum (ISMF) or risk management boards.

- 13.6. No significant remediation work has been required, but improvements have been identified, which will be taken forward with Civica and internally by IT.

- 13.7. This full exercise will be conducted annually to ensure ongoing cyber security is achieved.





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

Purpose: Noted

Date: **5 JULY 2022**

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. LGA issue a bulletin at the end of each month; there have been two bulletins issued since the last Fire Pension Board report. The bulletins are emailed out to a variety of contacts but can also be accessed via the [www.fpsregs.org](http://www.fpsregs.org) website.
3. Bulletins 56 and 57 can be found in APPENDICES A and B. There is a lot of information contained within these bulletins; the key items are set out below.

## MEMBER BENEFIT ILLUSTRATIONS (BULLETIN 56)

4. The SAB worked with Barnett Waddington to produce a suite of illustrative member scenarios. These were based on different scheme memberships, scenarios and salary profiles and showed benefits at a range of key milestones.
5. These can be found on the fps member website (<https://fpsmember.org/2015-remedy/2015-remedy-member-benefit-illustrations>) and are a useful tool for members in the absence of any

individual calculator or estimate. Along with the illustrations there are also detailed Excel spreadsheets which show the specific calculations and how they have been arrived at.

6. This was communicated to staff via Routine Notice in April 2022. It would be helpful to understand if the Board has any feedback on these member benefit illustrations.

#### APPOINTMENT TO BLUELIGHT TEAM (BULLETIN 56)

7. Elena Johnson has been appointed to the role of Pensions Adviser (Governance) and joined the LGA on 16 May 2022.
8. Elena's role will involve providing high quality support to the SAB and the FRA Local Pension Boards as well as assisting with priority developments in scheme governance.
9. This is a welcome addition to the Bluelight team at LGA and strengthens the support available to FRAs.

#### ABATEMENT GUIDANCE (BULLETIN 57)

10. The LGA have published some guidance on abatement to try and ensure a consistent approach nationally on how abatement should be applied and calculated. The Employer Pension Manager was part of the initial workshop in 2019 and has since provided additional feedback on this guidance.
11. The Board will be pleased to note that the approach taken by Hampshire Pension Services is consistent with this guidance.

#### TPR FACTSHEET (BULLETIN 57)

12. Each year, TPR issue an annual Governance and Administration Survey, with the exception of last year. The results of the 2020/21 survey have been published by TPR. As part of the survey, TPR measures six processes as key indicators of public service pension scheme performance. The six processes are:
  - (a) Documented policy to manage board members conflicts of interest
  - (b) Access to knowledge, understanding and skills needed to properly run the scheme
  - (c) Documented procedures for assessing and managing risks
  - (d) Process to monitor records for accuracy / completeness
  - (e) Process for resolving contribution payment issues

(f) Procedures to identify, assess and report breaches of law

13. In 2020/21, 74% of Firefighters schemes across the UK (including HIWFRA) reported having all six processes in place which had increased from 55% in 2019. The LGA have refreshed the six key processes factsheet to reflect the most recent results and is available on the [www.fpsregs.org](http://www.fpsregs.org) website.

#### SAB REMEDY ENGAGEMENT SESSIONS (BULLETIN 57)

14. The SAB has been invited by the Home Office to take part in a series of engagement sessions with the Police SAB to consider scheme specific versions of the Provision Definition Documents (PDDs) which define the provisions of the PSP&JO Act 2022 for each area of the 2015 remedy.

#### DLUHC PUBLISHES STATUTORY GUIDANCE ON SPECIAL SEVERANCE PAYMENTS (BULLETIN 57)

15. On 12 May 2022, the Department for Levelling Up Housing and Communities (DLUHC) published statutory guidance on special severance payments. Best Value authorities in England must have regard to the guidance in circumstances in which it may be appropriate to make Special Severance Payments. These relates to strain costs related to early release of some pension benefits in the LGPS. An FRA is listed as a body to whom this guidance applies.
16. The Fire Pension Scheme has two areas where a strain cost is payable by the FRA. These are:
- (a) Where there is an employer initiated retirement from the 2006 or 2015 Scheme and when the member is between the ages of 55 and 60, these benefits are paid with no actuarial reduction and there is a strain cost to the FRA to pay the difference between the actuarially reduced amounts and the unreduced amounts paid to the member
  - (b) Where the member has benefits from the 1992 scheme and would be subject to a restricted commutation, the FRA can allow a full 25% commutation, but there is a strain cost to the FRA of the difference between the two amounts
17. LGA have confirmed with the Home Office, who in turn confirmed with the Policy Lead at DLUHC that neither of these scenarios fall within the scope of the special severance payments guidance.

### RECOMMENDATION

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

### APPENDICES ATTACHED

19. APPENDIX A - [FPS Bulletin 56](#) (April 2022)
20. APPENDIX B - [FPS Bulletin 57](#) (May 2022)

Contact:

Claire Neale, Employer Pension Manager, [claire.neale@hants.gov.uk](mailto:claire.neale@hants.gov.uk),  
0370 779 2790



## FPS Bulletin 56 – April 2022

Welcome to issue 56 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the [main bulletin page](#) of the website and are updated following each new issue.

If you have any comments on this bulletin, suggested items for future issues, or a job you would like to advertise, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

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## Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

Table 1: Calendar of events

Event	Date
<a href="#">FPS coffee morning</a>	3, 17, and 31 May 2022
North-East regional group	18 May 2022
<a href="#">CIPFA Pension Board training event</a>	18 May 2022
South-West & Wales regional group	19 May 2022
Fire Communications Working Group	13 June 2022
SAB	23 June 2022
Midlands regional group	27 June 2022
FPS Technical Group	18 July 2022



Event	Date
SAB	8 September 2022
FPS AGM (Save the date)	25 and 26 October 2022
SAB	8 December 2022

## **Actions arising**

Readers are asked to note the following actions arising from the bulletin:

[Matthews – Second options exercise](#): FRAs to complete data request questionnaire by 30 June 2022.

[Payroll workshop](#): FRAs to register their interest by 13 May 2022.

[FRA Pension Contacts](#): FRAs to provide LGA with information on who should receive generic pension information by 31 May 2022.

## **FPS**

### **Matthews – Second options exercise**

In [FPS Bulletin 55 – March 2022](#) readers were informed on the progress of the second options exercise for retained firefighters.

An action arising was for FRAs to identify any retained firefighters who have transferred from retained to wholetime employment and maybe subject to aggregation. Since publication, we have met with colleagues from the Home Office and Government Actuary's Department (GAD), and it has become apparent through our discussions that additional data is required.

On 14 April 2022, an email was sent to lead FRA contacts asking for them to complete a short questionnaire which sets out what data is required and the purpose of the data.

As we are now asking for additional data, we feel that it is appropriate to extend the deadline from 31 May 2022 by an additional month to **30 June 2022**. We appreciate that this is a significant ask and understand that FRAs may be focused on other areas, such as age discrimination remedy, however, we would not request this information if it was not vitally important.

**ACTION: FRAs to complete data request questionnaire by 30 June 2022.**

### **Payroll workshop**

We were pleased to hear that, as we have now passed 1 April 2022, some FRAs have now shifted their attention to the data collection work needed for retrospective remedy. While this position is correct for many, we are aware that some FRAs haven't started this work yet. We have received feedback that this is primarily down to lack of confidence in the subject area.

Readers should be aware that there is a suite of tools available at their disposal to help with the data collection work. As well as providing a [remedy data collection guidance document](#), you also have access to a [blank remedy data collection template](#) and [remedy data collection template note for completion](#). These documents are freely accessible on the [FPS Regs and Guidance Website](#) and are stored under the [Implementation section of the Age discrimination remedy page](#).

While we appreciate that there is a relative amount of guidance out there, we are conscious that some people feel more comfortable discussing things as a group, rather than tackling them alone. We are therefore proposing to host a workshop which will be aimed at individuals within FRAs who have some form of responsibility over the data collection extract. We are labelling this as a payroll workshop; however, it will be your opportunity to raise any questions you may have in relation to the data extraction.

If this is something that you feel you and your FRA would benefit from, then please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk) confirming the name of your FRA and who should be included on the invite.

In addition to the above, we are seeking volunteers from FRAs to give the group some feedback on their initial experiences with the data collection work. If this is something you would feel comfortable doing, then again please drop an email to [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk). Any help and support from the sector is much appreciated.

Although we don't have a fixed date yet, we would ideally like to do this before the end of May. Please can we therefore request that all expressions of interest are submitted by Friday 13 May.

**ACTION: FRAs to register interest in workshop event by 13 May 2022.**

### **FRA pension contacts**

Following feedback we have received from colleagues, we understand that not all of our messages are shared as intended within an organisation. We would therefore like to know who at your FRA needs to be sent information on generic pension related matters.

As a minimum we would like to include the Scheme Manager and at least one person who has day to day responsibility for pensions.

Please can you therefore provide the name and email address for your FRA's Scheme Manager and confirm names and email addresses for anyone else who needs to be included in our communications. We are happy to send communications to generic pension inboxes if this is your preferred method of communication.

Please send this information no later than **31 May 2022** by email to [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

**ACTION: FRAs to provide LGA with information on who should receive generic pension information by 31 May 2022.**

## Technical query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates.

No new queries have been added this month.

## FPS England SAB updates

### Member benefit illustrations

Friday 1 April 2022 saw the first major milestone in age discrimination remedy (McCloud/ Sargeant or the 2015 Remedy) for the Firefighters' Pension Schemes, with the two final salary schemes being closed to future pension build-up and all members building up benefits in the reformed CARE scheme from that point.

To coincide with this and to provide members with a better understanding of the implications of remedy on their benefits, the Firefighters' Pensions (England) Scheme Advisory Board (SAB) worked with Barnett Waddingham to produce a [suite of illustrative member scenarios](#).

The illustrations are based on different scheme memberships, scenarios and salary profiles, with benefits shown at a range of key retirement milestones.

The member benefit illustrations follow the ["Your questions answered" fact checker](#) produced in February 2022 which aims to answer some recurring questions that members have about the 2015 Remedy.

### SAB respond to Home Office consultation response on prospective remedy

On 20 April 2022, the SAB submitted a letter to the Home Office acknowledging the consultation response on regulation amendments to deliver prospective remedy for the FPS.

The SAB noted the response and welcomed the opportunity to engage further with the Home Office on issues falling outside the scope of the consultation, such as the ill-health process and early retirement factors for the FPS 2006. A full summary of

the Board's discussion will be available in the meeting minutes of 24 March 2022, when published.

The SAB registered concern about the significant workload that implementation of Sargeant and Matthews within the required timescales will place on the Fire sector. The SAB felt that some smaller FRAs may be disproportionately impacted due to limited resource. The SAB also expressed concern about the likely requirement to comply with pensions dashboard regulations within a similar timeframe.

## **Other News and Updates**

### **Appointment to the Bluelight Team**

Following a successful recruitment campaign, we are delighted to announce that Elena Johnson has been appointed to the Bluelight Team in the role of Firefighters' Pensions Adviser (Governance) and will join the LGA on 16 May 2022.

Elena has 22 years' public service pension experience, in the LGPS and Firefighters' Pension Schemes. Elena commenced Local Government employment in January 2000 at Leicestershire County Council and currently works as a Pensions Team Manager there.

Elena's role will involve providing high-quality support to the Scheme Advisory Board (SAB) and FRA Local Pension Boards. Additionally, she will assist with priority developments in scheme governance.

### **Vacancy at Mid and West Wales Fire and Rescue Service**

Please find below details of a current vacancy for Pensions Officer which is open to existing Mid and West Wales FRS employees and external applicants. The closing date for receipt of application forms is 16:30 on 9 May 2022.

The full details of the role and application form can be found on the [Current Vacancies](#) page of the Mid and West Wales FRS website.

## **TPO – Early resolution factsheet updated**

On 30 March 2022, The Pensions Ombudsman (TPO) published an updated version of its [factsheet on the Early Resolution Service](#).

The factsheet provides guidance to members on the Early Resolution Service. This includes explaining what it is, how it operates and what options parties to a complaint have.

## **TPO News – March 2022**

On 31 March 2022, [the Pensions Ombudsman \(TPO\) published its March news](#). The news includes articles on:

- webinars taking place in May and June
- the recently updated factsheet on the Early Resolution Service
- new legal determinations

## **Combatting pension scams**

Too few pension scheme trustees are protecting savers by reporting suspected scams, says The Pensions Regulator (TPR).

In November 2020, TPR launched its [Pledge to Combat Pension Scams](#), which encourages schemes to do more to protect savers from scammers, including reporting suspected scams to the authorities – Action Fraud or by calling 101 in Scotland.

So far, over 400 schemes have pledged or self-certified they meet the campaign’s saver-protecting principles covering an estimated 16 million pension pots.

But TPR says more must be done on reporting and every administrator, trustee and provider should take responsibility for protecting savers and join the Pledge.

Nicola Parish, TPR’s Executive Director of Frontline Regulation said: “Scammers screw up lives and industry must stand up and do all it can to protect savers from these life-shattering crimes by joining our pledge campaign and reporting any suspected scams.

“New regulations have already introduced new duties on due diligence and warning members where a transfer shows features of a scam, so there’s no excuse for failing to report suspicions to the authorities”

TPR recently hosted a webinar giving:

- details of the evolving pension scams landscape
- information to support new duties to look for red and amber flags
- details about the pledge to combat pension scams
- updates from the Pension Scams Industry Group.

TPR has published [a recording of the pension scams webinar](#) on their website.

### **Annual allowance changes**

The Government has changed the annual allowance rules. This has been done by section 9 of the [Finance Act 2022](#) and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#).

The changes apply in certain situations where annual allowance calculations for previous years are retrospectively amended.

The following is the LGA's interpretation of the changes, which we emailed to lead FRA contacts on 5 April 2022. We thank our colleagues on the LGPS team for sharing this information with us.

#### **Step 1: An employer becomes aware that information previously given was insufficient**

The new regulations require employers to provide further information to administrators. This will apply where an employer becomes aware that information they provided previously, for a Pension Input Period (PIP) falling within the ‘relevant time’, was insufficient to enable the authority to correctly calculate the annual allowance.

The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' means the tax year in which the employer became so aware. So, if this happens in tax year 2022/23, the following PIPs will fall within the relevant time:

- 6 April 2022 to 5 April 2023
- 6 April 2021 to 5 April 2022
- 6 April 2020 to 5 April 2021
- 6 April 2019 to 5 April 2020
- 6 April 2018 to 5 April 2019
- 6 April 2017 to 5 April 2018
- 6 April 2016 to 5 April 2017

The employer must provide the further information within three months of becoming aware the information was insufficient or, if later, on or before 6 July following the end of the relevant PIP. The further information must enable the administrators to correctly recalculate the annual allowance.

**Note:** Employers must continue to provide administrators with any other changes that arise either outside of the relevant time or that do not affect the calculation of the annual allowance.

## **Step 2: The administrator must recalculate the annual allowance for the relevant PIP**

If the administrator receives the further information from the employer for a PIP falling within the 'relevant time', it must recalculate the annual allowance. The 'relevant time' for this begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the authority received the further information.



Administrators must also recalculate annual allowance amounts where there has been a change to the scheme rules. This will apply if the change results in a change to an annual allowance calculation for a PIP falling within the 'relevant time'. The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the rule change is made.

After recalculating the annual allowance, if the member:

- exceeds the annual allowance for the relevant tax year - the administrator must send a pension savings statement to the member. It must send this within three months of receiving the further information/the rule change being made or, if later, by the 6 October following the end of the relevant tax year. They must also send an event report telling HMRC within three months of the date they sent the statement to the member, or if later, by 31 January following the tax year to which the report relates. It is not relevant whether the administrator had previously sent a pension saving statement for this period.
- does not exceed the annual allowance for the relevant tax year and the administrator has previously sent a pension savings statement for that period, it must send an updated statement. It must send this within three months of receiving the further information/the rule change being made, or, if later, by the 6 October following the end of the relevant tax year.

### **Deadline to make or amend mandatory scheme pay elections extended**

Members must give mandatory scheme pays elections by no later than 31 July in the year following that in which the 'relevant tax year' ends. 'Relevant tax year' means the tax year the member exceeded the annual allowance.

However, for members who received a pension savings statement as a result of a recalculation under step 2, this deadline will likely have expired. For these cases, section 9 of the Finance Act 2022 extends the deadline if:

- the administrator gave the statement within the 'relevant time', and
- as a result of that statement, the member qualifies to elect for mandatory scheme pays.

'Relevant time' means a time falling:

- on or after 2 May in the year following the end of the relevant tax year, and
- before the end of the six-year period beginning with the end of the relevant tax year.

Where this applies, the member must instead give their election for mandatory scheme pays before:

- the end of the three-month period beginning with the day on which the administering authority gave the pension savings statement, or if earlier
- the end of the six-year period beginning with the end of the relevant tax year.

Though the 31 July deadline is extended in these cases, members remain unable to give a mandatory scheme pays election once they are entitled to payment of all their benefits under the scheme or, if earlier, once they have reached age 75.

The mandatory scheme pays deadline is not extended for members who previously qualified to elect for mandatory scheme pays in respect of the relevant tax year but chose not to. If the member did elect for mandatory scheme pays, the member will need to amend their initial election based on the recalculated amounts.

The new regulations have also changed the time limit for amending mandatory scheme pays elections. The time limit is set out in Regulation 4 of the Registered Pension Schemes (Notice of Joint Liability for the Annual Allowance Charge) Regulations 2011. Before, members had until the 31 July following the end of the four-year period beginning with the last day of the relevant tax year to amend an

election. With effect from 6 April 2022, this has been extended by two years. So, if a member exceeded the annual allowance in tax year 2019/20, the new deadline for giving the amended notice is 31 July 2026. The deadline was previously 31 July 2024.

### **Deadline for administrators to pay annual allowance charge to HMRC extended**

Administrators must report and pay annual allowance charges to HMRC using Accounting for Tax (AFT) returns. Administrators must use the return for October to December in the year following that in which the tax year ends. Though, it can choose to use a return for an earlier period.

However, where the member makes a mandatory scheme pays election by the extended deadline, the deadline will likely have expired.

For these cases, section 9 of the Finance Act 2022 extends the deadline. Where members elect for mandatory scheme pays after 30 September in the year following that in which the relevant tax year ends, the administrator must report and pay the tax using the AFT return for the three-month period following the three-month period in which it receives the mandatory scheme pays election. Though it can choose to use the return for the period in which it received the election.

### **PASA publishes fraud guidance on pre-employment vetting**

On 19 April 2022, the Pensions Administration Standards Association (PASA) published [fraud guidance on vetting new employees](#).

PASA has been made aware of cases of fraud undertaken or assisted by pension administration employees. In some cases, individuals deliberately gained employment with the intention of committing fraud. The guidance aims to counter this risk.

## **PDP progress update report published**

On 27 April 2022, the Pensions Dashboards Programme (PDP) published a video introducing the [April 2022 progress update report](#). The video outlines the programme activity over the past six months. This is the fifth progress update report and provides a summary of what PDP has achieved since October 2021.

## **HMRC**

### **Managing pension schemes service newsletter – April 2022**

On 11 April 2022, HMRC published [Managing pension schemes service newsletter – April 2022](#).

The newsletter sets out that a new feature has been added to the Managing pension schemes service. The new feature allows administrators to migrate their schemes from the Pension schemes online service. The newsletter gives information on how to do this as well as links to guidance.

The newsletter also includes information on:

- recreating existing relationships on the Managing pension schemes service
- adding new scheme administrators
- authorising new practitioners
- submitting Accounting for Tax (AFT) returns, pension scheme returns, and event reports on the Pension schemes online service
- making payments for charges using the pension scheme tax reference number
- updating information
- future features that are expected shortly, such as bulk AFT reporting and updated financial information.

## **Guaranteed Minimum Pension (GMP) equalisation newsletter – April 2022**

On 6 April 2022, HMRC published [Guaranteed Minimum Pension \(GMP\) equalisation newsletter – April 2022](#).

This newsletter supplements previous guidance in Guaranteed Minimum Pension (GMP) equalisation newsletters [February 2020](#) and [July 2020](#) relating to benefit adjustments that registered pension schemes may have to make to remove inequalities arising from GMPs.

## **Events**

### **FPS coffee mornings**

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

The next session is due to take place on 3 May 2022.

We are pleased to include the presentations from recent sessions below:

[5 April 2022 – Public Service Pensions and Judicial Offices Act](#)

[19 April 2022 – Remedy project management update](#)

If you do not already receive the meeting invitations and would like to join us, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk). Please note that attendance at the coffee mornings is generally restricted to FPS practitioners and managers.

### **FPS AGM – London – 25 and 26 October 2022 (save the date(s))**

Our popular Fire Pensions Annual Conference is back for 2022! The two-day programme allows delegates to network with fellow colleagues and hear the latest news on the Firefighters' Pension Scheme (FPS) from the scheme's key stakeholders.

[Click here to return to Contents](#)

You will hear important updates, including:

- Chair of the Scheme Advisory Board
- The Home Office
- The Pensions Regulator
- Legal Updates

As well as providing the opportunity to network with other FPS stakeholders, there will be interactive and thought-provoking workshops to take part in during the day. The topics of such are yet to be determined, however, we will be seeking views from the sector as to what topics they would like to be covered.

Day 1 – Tuesday 25 October 2022 16:30 – 18:30 Primarily for Scheme Managers and Local Pension Board chairs, day 1 of the conference will provide practical guidance on the role of the scheme manager and will offer the opportunity to network with counterparts in other FRAs. Following this session there will be a drinks reception on the terrace from 18:45.

Day 2 – Wednesday 26 October 2022 09:30 – 15:30 Day 2 of the conference provides delegates with an annual update on the Firefighters' Pension Scheme from key stakeholders.

The full programme and booking link will be available shortly.

### **CIPFA annual conference for Pension Board members**

Please see below details of a training event for board members which is being run by CIPFA. As the training is primarily aimed at LGPS local pension boards, but there is some cross-over with the uniformed public service schemes, CIPFA has offered a reduced rate for those involved in the governance of Fire pensions.

Event details: 09:30 - 16:00 Wednesday 18 May 2022

The Presentation Suite KPMG, 15 Canada Square, London E14 5GL

#### Key speakers:

The event will be chaired by Mark Wynn from Cheshire Pension Fund. You will hear from key speakers such as Roger Phillips and Bob Holloway from the LGPS SAB, as well as Nick Gannon from TPR.

#### Themes:

The event will cover a number of key topics impacting Pension Boards. Of particular interest to Fire Board members include: TPR's New Single Code of Practice, Cyber Security and Good Governance. The event will also feature breakout sessions, where you will be able to discuss and share your views and experiences with other Board Members on the current issues impacting your role. The full agenda will be released before the conference.

#### Cost:

Discounted rate of £125 + VAT per delegate for Fire Pension Board Members. To take advantage of this special rate, please email CIPFA's Customer Service team via the link below.

#### Other info:

This event may have a Hybrid attendance option, for delegates who do not wish to attend in person. This will be confirmed later.

You can book onto the event at [customerservices@cipfa.org.uk](mailto:customerservices@cipfa.org.uk).

## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Scottish Public Pensions Agency - Firefighters](#)
- [Welsh Government Fire circulars](#)

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While every attempt is made to ensure the accuracy of the bulletin, it would be helpful if readers could bring any perceived errors or omissions to the attention of the Bluelight team by emailing [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).



## FPS Bulletin 57 – May 2022

Welcome to issue 57 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the [main bulletin page](#) of the website and are updated following each new issue.

If you have any comments on this bulletin, suggested items for future issues, or a job you would like to advertise, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

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## Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

Table 1: Calendar of events

Event	Date
Fire Communications Working Group	13 June 2022
<a href="#">FPS coffee morning</a>	14 and 28 June
SAB	23 June 2022
Midlands regional group	27 June 2022
FPS Technical Group	18 July 2022
North-East regional group	17 August 2022
SAB	8 September 2022

Event	Date
FPS Technical Group	25 October 2022
FPS AGM (Save the date)	25 and 26 October 2022
SAB	8 December 2022

## Actions arising

Readers are asked to note the following actions arising from the bulletin:

[Matthews – Second options exercise](#): FRAs to complete data request questionnaire by 30 June 2022.

[FRA Pension Contacts](#): FRAs to provide LGA with information on who should receive generic pension information ASAP.

## FPS

### Matthews – Second options exercise

As mentioned in [FPS bulletin 56 – April 2022](#), the Home Office and GAD have asked for additional data on individuals who will be in scope for the second options exercise. On 14 April 2022, we sent an email to lead FRA contacts asking them to complete a short questionnaire which sets out what data is required and the purpose of the data.

This is just a gentle reminder that this request is still outstanding for some FRAs and the deadline for completion is 30 June 2022. If any FRA has identified an issue with this deadline, we ask that they bring it to our attention at the earliest opportunity.

**ACTION: FRAs to complete Matthews data request questionnaire by 30 June 2022.**

### Ill health “underpin”

At a recent coffee morning an FRA raised a question as to how the ill health underpin should be applied to a case. The policy intent is to ensure that a protected member who applies for IHR before 31 March 2022, where the application is determined in their favour after that date, is treated no less favourably than if the application had been determined on that date.

To avoid any such members being placed in a worse position, changes have been made to the reformed scheme rules. [Regulations 65\(2A\) and \(2B\)](#) have been inserted into the FPS 2015 regulations with effect from 1 April 2022. This means that for members where the ill-health assessment process began on or before 31 March 2022, the member is assessed for ill-health retirement against an NPA of 55. This will mean that there should be no cases where an affected member would have qualified for ill-health retirement under the legacy 1992 scheme but does not qualify under the reformed scheme.

The members benefit entitlement should be calculated in the same manner as set out in the FPS 2015 regulations.

Further information on this provision can be found in the Home Office’s [consultation response on prospective remedy](#) and their [frequently asked questions document](#). We will look to provide a consolidated version of Regulation 65 in a future bulletin.

### Abatement guidance

HM Treasury (HMT) policy requires public sector pensions to be abated in certain circumstances when a public sector employee is re-employed following retirement. The general principle behind abatement is to protect the public purse from paying a pension and a salary to the same individual i.e. the income from the public purse should not be increased by the addition of a pension.

FRAs must consider the application of abatement when it occurs in accordance with the regulations of the Firefighters’ Pension Schemes.

Readers may be aware that there is currently no prescribed guidance on how abatement should be applied or calculated, as previous guidance issued by the relevant Secretary of State at the time is now out of date. The Home Office is also unable to provide formal direction on the application of abatement, as it is the legal responsibility of each FRA to interpret and apply the rules of the scheme.

In order to support a consistent national approach, we are pleased to let you know that we have now published [informal abatement guidance for FRAs](#) in the “Guides and sample documents” section of [www.fpsregs.org](http://www.fpsregs.org).

The guidance has been collated following the [2019 AGM abatement workshop](#) and using examples of accepted good practice at FRAs. We have consulted with FRA FPS practitioners and administration colleagues as well as the Scheme Advisory Board and Home Office ahead of publication.

The guidance will be kept under review and updated in line with any scheme changes. We also hope to add an example abatement policy in due course. We recommend that FRAs take the guidance into account when considering future cases.

### **Software workshop**

Attendees at the coffee morning held on 17 May will be aware that concerns were raised about the readiness of pension administration software in anticipation of retrospective remedy.

As highlighted in the meeting, the legislation needed to facilitate retrospective remedy will not come into force until 1 October 2023, at which point this will signify the start of the implementation phase. FRAs and administrators will have a period of up to 18 months to provide members with options on their scheme benefits. This means that anyone who has retired and has an entitlement to the remedy should be contacted and presented with their options.

Our software providers, Heywood and Civica, are currently working on updating their administration systems to ensure that they are fully functioning to provide the calculations needed for the retrospective legislation. Unfortunately, some modifications cannot be made without clear direction on certain policy decisions. This may mean that elements of the payroll software cannot be updated until the regulations have been made available.

Although for administrators, who have a direct relationship and are in regular contact with their software supplier, this may not come as a surprise, we suspect that it could arouse concern for an FRA. With this in mind, we have contacted the software suppliers and asked whether they would be prepared to present their implementation timeline to FRAs, which should enable FRAs to become more familiar with the overall time frame and highlight any problem areas.

We will contact FRAs once a date has been agreed with your relevant software supplier.

### **Annual Benefit Statements 2022**

At the [Fire Technical Working Group \(FTWG\) meeting on 7 March 2022](#) we discussed annual benefit statement production (ABS) for 2022. As ABS's in 2022 will be based on current scheme regulations up to 31 March 2022, it was proposed that the same process as last year is followed, and the statements caveated in a similar way. [FPS Bulletin 44 – April 2021](#) provides more information.

However, while the recommendation last year was to suppress projections for fully protected members which would have incorrectly forecast final salary benefits beyond 31 March 2022, administrators were asked to consider that projections for former protected members could be included this year on a fully CARE basis.

The group failed to reach a consensus on this matter, it was therefore agreed that administrators will make the final call on whether to include projections or not. It is the expectation that administrators will notify the FRAs they administer on their decision.

The standard ABS template and notes have been updated with the new scheme year and the revised caveat and [published on the FPS Regulations and Guidance website](#). Examples in the annexes have been brought up to date.

We will continue to review requirements for ABS over the coming years in line with HM Treasury (HMT) policy decisions on remedy.

### **FRA pension contacts**

As mentioned in [FPS bulletin 56 – April 2022](#), we would like to know who at your FRA needs to be sent information on generic pension related matters. We originally asked for this information to be provided by 31 May 2022, however, we have only received a fraction of replies. Please can you give this matter your urgent attention and provide us with the name and email address for your FRA's Scheme Manager. In addition please also confirm names and email addresses for anyone else who needs to be included in our communications.

Please send this information ASAP by email to [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk).

**ACTION: FRAs to provide LGA with information on who should receive generic pension information ASAP.**

### **Technical query log**

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log is updated monthly in line with the bulletin release dates.

No new queries have been added this month.

## **FPS England SAB updates**

### **TPR factsheet**

We advised readers in [FPS Bulletin 47 – July 2021](#) that the results of the [2020-21 Governance and Administration survey](#) had been published by the Pensions Regulator (TPR).



As part of the annual survey, TPR measures six processes as key indicators of public service pension scheme performance.

The six processes are:

1. Documented policy to manage board members conflicts of interest
2. Access to knowledge, understanding and skills needed to properly run the scheme
3. Documented procedures for assessing and managing risks
4. Process to monitor records for accuracy / completeness
5. Process for resolving contribution payment issues
6. Procedures to identify, assess and report breaches of the law

In 2020-21, 74 per cent of Firefighters' schemes across the UK reported having all six processes in place. This had increased from 55 per cent in 2019.

We have refreshed [six key processes factsheet](#) to reflect the most recent results and give guidance to FRAs and their Local Pension Boards (LPBs) to improve understanding and compliance in the next survey.

### **SAB remedy engagement sessions**

The Scheme Advisory Board (SAB) has been invited by the Home Office to take part in a series of joint engagement sessions with the Police SAB to consider scheme-specific versions of the Provision Definition Documents (PDDs) which define the provisions of the [Public Service Pensions and Judicial Offices Act \(PSPJOA\) 2022](#) for each area of the 2015 Remedy.

The first meeting is due to take place on 24 June 2022 where the SAB will be discussing the interest and eligibility PDDs.

## Other News and Updates

### Vacancy at West Yorkshire Fire and Rescue Service

Please find below details of a current vacancy for Pensions Officer which is open to existing West Yorkshire FRS employees and external applicants. The closing date for receipt of application forms is 5 June 2022.

The full details of the role and application form can be found on the [Current Vacancies](#) page of the West Yorkshire FRS website.

### Vacancy at London Fire Brigade

An opportunity is coming up shortly to join the LFB as a Pension Analyst. The role is to ensure they fulfil all statutory requirements and deal effectively with pension related issues as they impact on the London Fire Commissioner.

The job will be advertised in the next few weeks on the [LFB Website](#). A [job description has been provided for information](#), if anyone is interested in this upcoming role and would like an informal chat please feel free to contact [rory.murphy@london-fire.gov.uk](mailto:rory.murphy@london-fire.gov.uk).

### TPO – New online application launched

TPO has recently launched an enhanced [online application form](#). The more user-friendly form is also smarter, with customers only required to answer relevant questions.

### TPO webinars

Booking is now open for the following webinars:

[Volunteering at TPO](#) – Tuesday 7 June, 1pm

[How to avoid the Ombudsman](#) – Tuesday 19 July, 10am

[How to avoid the Ombudsman](#) – Tuesday 19 July, 2pm

### **TPR – Enforcement and prosecution policies consultation**

On 4 May 2022, TPR launched a consultation on its new consolidated and simpler draft enforcement policy and an updated prosecution policy. The [Enforcement and prosecution policies consultation](#) will close on 24 June 2022.

The [Draft scheme management enforcement policy](#) will replace existing policies for defined benefit, defined contribution and public service pension schemes. The Draft prosecution policy explains how TPR will approach the prosecution of workplace pension criminal offences or are otherwise related to TPR functions.

### **PASA releases cybercrime protection checklist**

The PASA Cybercrime and Fraud Working Group has published a [Cybercrime protection checklist](#) for pension administrators. The checklist builds on cybercrime guidance published by the group in November 2020. It provides examples of steps administrators can take to assess their defences against cybercrime.

### **DLUHC publishes statutory guidance on special severance payments**

On 12 May 2022, the Department for Levelling Up Housing and Communities (DLUHC) published [statutory guidance on special severance payments](#). Best Value authorities in England must have regard to the guidance in circumstances in which it may be appropriate to make Special Severance Payments. The guidance also covers approval, disclosure and reporting requirements. The guidance does not apply to authorities in Wales. You can find a list of the bodies the guidance applies to at the end of the guidance.

The guidance confirms that:

- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy, or efficiency retirement over age 55) does not constitute a special severance payment
- strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a Special Severance Payment, depending on the terms of the individual's contract

- strain cost related to waiving an actuarial reduction when a member retires under regulation 30(5) may constitute a Special Severance Payment, depending on the terms of the individual's contract.

DLUHC consulted on a draft version of this guidance in 2021.

Considering the above, we contacted the Home Office to establish whether any consideration needs to be taken of the strain costs for releasing benefits early under Authority/Employer initiated early retirement or waiving restricted commutation under the FPS. The Home Office confirmed that, although this policy sits outside of its pensions remit, it has contacted the policy lead at DLUHC, who has confirmed that both instances (i.e. fitness assurances and commutation uplift) would not fall within the scope of special severance payments.

## HMRC

### HMRC publishes Pension Schemes Newsletter 139

On 31 May 2022, HMRC published [Pension schemes newsletter 139](#), which contains articles on:

- relief at source — annual return of information for 2021 to 2022
- digitisation of relief at source
- managing Pension schemes service
- Accounting for Tax (AFT) returns

### HMRC publishes Pension Schemes Newsletter 138

On 29 April 2022, HMRC published [Pension schemes newsletter 138](#), which contains articles on:

- HMRC has updated its annual allowance calculator to include the 2022 to 2023 tax year

- changes to Scheme Pays reporting deadlines in some cases following the introduction of the Registered Pension Schemes (Miscellaneous Amendments) Regulations 2022 (see [FPS Bulletin 56 – April 2022](#) for more information)
- a reminder to take action now to [migrate your pension scheme to the Managing Pension Schemes service](#)
- accounting for tax returns for the quarter ending 31 March 2022 must be submitted through the Managing Pension Schemes service.

## Events

### FPS coffee mornings

Our MS Teams coffee mornings are continuing every second Tuesday. The informal sessions lasting up to an hour allow practitioners to catch up with colleagues and hear a brief update on FPS issues from the LGA Bluelight team.

The next session is due to take place on 14 June 2022.

We are pleased to include the presentations from recent sessions below:

[3 May 2022 – Contingent decisions](#)

[17 May 2022 – Transitional benefits post 1 April 2022](#)

[31 May 2022 – ABS and RSS](#)

If you do not already receive the meeting invitations and would like to join us, please email [bluelightpensions@local.gov.uk](mailto:bluelightpensions@local.gov.uk). Please note that attendance at the coffee mornings is generally restricted to FPS practitioners and managers.

### Payroll workshop

On 24 May 2022 we hosted a payroll workshop. The workshop was intended to bring the industry together and give colleagues an opportunity to share feedback and best practices on the data collection exercise needed for age discrimination remedy.

[Click here to return to Contents](#)

We are pleased to note that the session was well attended with over 50 delegates dialling in and participating in the discussion.

Slides covering the event have been made available and can be found on the [age discrimination implementation page of the FPS Regs and Guidance Website](#). The slides were updated to reflect the comments and suggestions made in the meeting. We will also be updating the [remedy data collection guidance](#) in the coming weeks.

## Legislation

SI	Reference title
2022/509	<a href="#">The Financial Guidance and Claims Act 2018 (Commencement No 9) Regulations 2022</a>

## Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [FPS Member](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)
- [LGPS Regulations and Guidance](#)
- [LGPC Bulletins](#)
- [LGPS member site](#)
- [Scottish Public Pensions Agency - Firefighters](#)
- [Welsh Government Fire circulars](#)

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

Purpose: Noted

Date: **5 JULY 2022**

Title: **FIRE PENSION BOARD STATUS REPORT & 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. Since the last board meeting, the Employer Pension Manager has provided a presentation at the pre-retirement course.
4. There have been two communications published in Routine Notice, the first was to advise members that were not in the scheme to opt in from 1 April 2022 if they had not already done so. This was to avoid any potential issues with being able to buy back opted out service which falls outside of the remedy period under the McCloud contingent decisions.
5. The timescales given for doing this were incredibly tight and there was really only a few days in which members could do this if they wished. The information was provided very late by the Local Government Association and could not be helped as they had been waiting for confirmation from HM Treasury.
6. The second publication in Routine Notice was to provide members with some member benefit illustrations which can be found in the 2015 Remedy section of the [www.fpsmember.org](http://www.fpsmember.org) website. As there is no calculator available for members, and it is not possible to provide member specific

illustrations these are designed to cover the most common scenarios and members are advised to read the one that is closest to their own circumstances.

## MEMBER PORTAL

7. There has been a slight increase in members registered for the portal. At the last Board meeting, it was reported that at the 31 March 2022, the total membership registered was at 39.57%.
8. Numbers of those registered as of 31 May 2022 are shown in the table below:

HAMPSHIRE & ISLE OF WIGHT FIRE AND RESCUE SERVICE								
HIWFRA - FPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	643	49.39%	381	49.39%	684	50.18%	1,708	43.84%
Not registered	659	50.61%	390	50.61%	679	49.82%	2,188	56.16%
<b>Total</b>	<b>1,302</b>	<b>100.00%</b>	<b>771</b>	<b>100.00%</b>	<b>1,363</b>	<b>100.00%</b>	<b>3,896</b>	<b>100.00%</b>

## COMBINED FIRE AUTHORITY (CFA)

9. The only outstanding issue is for the on-call members who had paid the wrong employee contribution rate between 1 April 2012 and 31 March 2021. It was previously reported to the Board that there were 109 affected members that the total amount underpaid was £69,506.57.
10. A report will be provided to the Standard's and Governance Committee at their July 2022 meeting with a recommendation that recovery of the underpayments is not pursued. The recommendation to not collect the underpayments from members is based on three points, the amount per person is relatively small, members will receive no additional benefit for paying the monies due and they could not have reasonably known that they were paying the incorrect amount.
11. We will arrange for letters to be sent to the affected members, informing them of the amount of underpayment and the decision by HIWFRA to not collect this from the members.

## OPT OUT – MEMBER PARTICIPATION

12. The Board may recall that at the last meeting there was a discussion after HIWFRA had completed a survey to HM Treasury about pension scheme member participation, opt out rates and publication of the pension scheme.
13. Some analysis work has been done on member participation rates which the Pension Board requested in order to determine what other information may or may not need to be collected from employees.
14. The tables below show the number of employments, and this has been split between whole-time, retained, permanent, temporary and whether in that employment the member is in the pension scheme or not.

- (a) Table showing total number of employments:

<b>Numbers of employments</b>					
	<b>Permanent</b>		<b>Temporary</b>		
	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>Total</b>
<b>WDS</b>	606	56	31	13	<b>706</b>
<b>RDS</b>	621	55	17	4	<b>697</b>
<b>Total</b>	<b>1,227</b>	<b>111</b>	<b>48</b>	<b>17</b>	<b>1,403</b>

- (b) Table showing the percentage split based on the total number of employments:

<b>Percentage of total employments</b>					
	<b>Permanent</b>		<b>Temporary</b>		
	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>Total</b>
<b>WDS</b>	43.2%	4.0%	2.2%	0.9%	<b>50.3%</b>
<b>RDS</b>	44.3%	3.9%	1.2%	0.3%	<b>49.7%</b>
<b>Total</b>	<b>87.5%</b>	<b>7.9%</b>	<b>3.4%</b>	<b>1.2%</b>	<b>100.0%</b>

15. This shows that the total opt out rate across all types of employments is under 10% and that this is split fairly evenly between whole-time and retained contracts at just under 5% each.
16. For retained employees, this employment is unlikely to be their main employment and it is the whole-time employees not in the scheme that are probably of most concern.
17. The table below shows the age profile ranges for the 128 employments that are not in the pension scheme at all:

<b>Age profile of those not in FPS 2015</b>					
	<b>WDS</b>		<b>RDS</b>		
	<b>Permanent</b>	<b>Temporary</b>	<b>Permanent</b>	<b>Temporary</b>	<b>Total</b>
<b>18-30</b>	7	1	4	0	<b>12</b>
<b>31-40</b>	24	5	15	2	<b>46</b>
<b>41-50</b>	17	3	22	1	<b>43</b>
<b>51+</b>	8	4	14	1	<b>27</b>
<b>Total</b>	<b>56</b>	<b>13</b>	<b>55</b>	<b>4</b>	<b>128</b>

18. For interest and comparison, there is even higher take up for the Local Government Pension Scheme for Fire green book staff. This is probably because the scheme does not have such high employee contribution rates compared to the Fire Pension Scheme and also has the option of a 50/50 scheme.

- (a) Table showing total number of employments:

<b>Numbers of employments</b>			
	<b>In LGPS</b>	<b>Not in LGPS</b>	<b>Total</b>
<b>Permanent</b>	350	7	<b>357</b>
<b>Temporary</b>	26	1	<b>27</b>
<b>Casual</b>	18	2	<b>20</b>
<b>Total</b>	<b>394</b>	<b>10</b>	<b>404</b>

- (b) Table showing the percentage split based on the total number of employments:

<b>Percentage of total employments</b>			
	<b>In LGPS</b>	<b>Not in LGPS</b>	<b>Total</b>
<b>Permanent</b>	86.6%	1.7%	<b>88.4%</b>
<b>Temporary</b>	6.4%	0.2%	<b>6.7%</b>
<b>Casual</b>	4.5%	0.5%	<b>5.0%</b>
<b>Total</b>	<b>97.5%</b>	<b>2.5%</b>	<b>100.0%</b>

19. The Board are asked to consider whether they now wish to pursue this, collect different information, require further analysis and if so, what they require, or if for example. they wish to hold any focus groups to get a better understanding of why members are choosing to not participate in the Fire Pension Scheme and if so, how these could be conducted. For reference, the survey is attached in APPENDIX A.

## RISK REVIEW

20. There are a number 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.

### RISK REGISTER

21. At the last meeting the Board asked for the IoW data in relation to Matthews to be added as a risk and this has been actioned.
22. The board are asked to review the Risk Register and to suggest any amendments. The Risk Register can be found in APPENDIX B.

### MATTHEWS / O'BRIEN CASE

23. In March, the LGA asked FRAs to identify any retained firefighters who are in scope for Matthews and who have transferred from retained to wholetime employment and maybe subject to aggregation. These specific cases are where the individual must have been in retained employment at some point between 7 April 2000 and 5 April 2006 and they must have joined wholetime employment without a break in, or overlap of, service.
24. In April, the LGA then sent a further request for additional information, this is because the Home Office is currently working on policy for both Matthews and McCloud and there is a likelihood that some members will be subject to both remedies.
25. The LGA wanted to know about how many members that are now subject to the second options exercise would also be subject to McCloud age discrimination remedy and out of those how many would be Immediate Choice cases. Immediate Choice cases are those that have already retired or are deceased, as opposed to those that are active or deferred members as they have a Deferred Choice. Of those in scope for the second options exercise they also wanted to know the earliest date they can purchase service to.
26. The Board will be pleased to note that the IoW did send most of the data that we requested for the Matthews remedy. The format of the data meant that significant effort has been needed to sift through the information to get the bottom line information that was required. Some information has not been provided, so an educated assumption has been used for a small number of some cases.
27. After analysing all the data from the IBC Pensions Admin Team and from the IoW, the Employer Pension Manager has managed to compile a list of those that are subject to the second options exercise for Matthews remedy and identify those that will also then be subject to McCloud age discrimination remedy.

28. We have determined that for both Hampshire and IoW that we have the records to confirm those that were offered the option first time round. This means that we do not have to contact anyone that would have exactly the same option as previously and will only contact those that have a new option.
29. The table below shows the numbers split between Hampshire and IoW, although HIWFRA will be dealing with the second options exercise for all members, when we know exactly what will be needed, there will be a need for IoW to provide a raft of information. The numbers of those involved are as follows:

- (a) Table showing number of cases that are subject to Matthews Remedy

<b>Matthews</b>	<b>Hampshire</b>	<b>IoW</b>	<b>Total</b>
Number in scope first time, but now have new option	422	142	<b>564</b>
Number that were not in scope for the first option, but now fall in scope for Matthews	3	7	<b>10</b>
<b>Total number of cases in scope for Matthews</b>	<b>425</b>	<b>149</b>	<b>574</b>

- (b) Based on the numbers in the table above, number of those cases that are subject to both Matthews and McCloud Remedy

<b>Matthews and McCloud</b>	<b>Hampshire</b>	<b>IoW</b>	<b>Total</b>
Number of in scope Matthews cases and are also in scope for McCloud that will have an Immediate Choice option	53	9	<b>62</b>
Number of in scope Matthews cases and are also in scope for McCloud that will have an Deferred Choice option	118	28	<b>146</b>
<b>Total number of Matthews cases also subject to McCloud remedy</b>	<b>171</b>	<b>37</b>	<b>208</b>

30. The information on the earliest years will be useful to the Home Office as we, along with every other FRA, will struggle to find pay and employment details going back to the 1960's. It is hoped that the policy developed by the Home Office and the Government Actuary Department will provide assumptions that can be used in the absence of accurate data.
31. The table below shows the numbers of cases and their earliest years.

Year	Hampshire	IOW	Total	Year	Hampshire	IOW	Total
1966	1	0	1	1984	11	3	14
1967	5	0	5	1985	13	2	15
1969	1	1	2	1986	14	3	17
1970	5	0	5	1987	18	4	22
1971	3	0	3	1988	13	5	18
1972	2	1	3	1989	26	10	36
1973	7	1	8	1990	18	10	28
1974	7	0	7	1991	17	8	25
1975	10	0	10	1992	23	3	26
1976	4	1	5	1993	10	2	12
1977	2	0	2	1994	19	12	31
1978	4	1	5	1995	15	2	17
1979	9	0	9	1996	19	29	48
1980	12	2	14	1997	24	5	29
1981	14	0	14	1998	23	10	33
1982	16	0	16	1999	37	21	58
1983	14	1	15	2000	9	12	21
<b>Sub total</b>	<b>116</b>	<b>8</b>	<b>124</b>	<b>Sub total</b>	<b>309</b>	<b>141</b>	<b>450</b>
<b>TOTAL</b>	<b>425</b>	<b>149</b>	<b>574</b>				

#### McCLOUD / SARGEANT REMEDY

32. Letters were issued week commencing 13 June 2022 to all active members of the Fire Pension Scheme. These letters were sent in respect of each employment and confirmed whether they are deemed to be “In Scope” or “Out of Scope” for remedy.
33. Where a member has received an “Out of Scope” letter, they are asked to raise an ESS query if they think that they should be in scope. Primarily this will be where they have previous Public Sector Pension Scheme membership that has not been transferred to their Fire Pension Scheme.
34. The “In Scope” letter confirms that the member does not need to take any further action and that they will be contacted with more information as soon as possible after the legislation has come into effect.
35. The letter also goes further to try and manage member expectations in that the “roll back” to the legacy schemes commences from 1 October 2023 and that Annual Benefit Statements will not see any change until at least the summer of 2024.
36. It will take Hampshire Pension Services many months to complete all the retrospective work that needs to be carried out, the legislation allows 18 months in which to complete all the necessary actions. Cases will be

prioritised and the Employer Pension Manager has provided a suggested order to the LGA which will be used to form a discussion at SAB.

37. Immediate Detriment is still currently paused as it is with many other FRAs. However, we are aware of a recent FBU circular in which the FBU is asking its members who have not received Immediate Detriment to lodge a claim with them as they intend to register all cases with the Court.
38. Whilst we obviously do not want to encounter legal action, it still remains the Scheme Manager's decision over whether to offer Immediate Detriment or not and the current recommendation to HIWFRA is that the risks are still very high and to some degree, unquantifiable, and it is therefore not advisable to proceed at this time. A paper outlining the options, risks and recommendations will be going to the next Standards and Governance Committee for a formal decision. Should revised guidance and or legislation become available which will mitigate the risks for HIWFRA then the decision and options will be reviewed at that point.
39. On 23 May 2022, we wrote to all members who had applied for Immediate Detriment under the framework to advise them of the latest update and the date of the next meeting where a formal decision will be made.

#### RECOMMENDATION

40. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
41. That Risk Register as set out in paragraphs 20-22 and Appendix B be approved by the HIWFRA Firefighters' Pension Board

#### APPENDICES ATTACHED

42. APPENDIX A – Opt out Participation survey
43. APPENDIX B – Risk Register

Contact:

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**PAC recommendation 3: opt out/participation rates****1. Participation data**

- A. What data do you currently collect on a) opt out rates and b) participation rates in your scheme (including age, gender, salary, disability, etc)
  - a. How regularly is this data collected?
  - b. Is it published anywhere?
  - c. Is triennial re-enrolment participation rates/opt out data collected?
  - d. If no data is routinely collected, please explain why (e.g. sensitivity, concerns over data confidence, etc)
- B. Are a) opt out rates and b) participation rates broken down by:
  - a. Pay grade
  - b. Age
  - c. Other characteristics (sex, race)?
  - d. Are there any issues you would foresee in breaking down data in these ways?
- C. What are the latest a) opt out rates and b) participation rates for your scheme?
- D. Are there any noticeable trends in a) opt out rates and b) participation rates
  - a. Across the scheme as a whole over?
  - b. Among certain groups?
  - c. Over career lengths?

In HIWFRS, we do not collect pensions data as described above. This is partly due to concerns regarding data quality, but mostly because it is not something we have considered collecting before. We have discussed with our local pension board and they also don't review this data, but have said they may be interested in doing so and if they do request it, then I think we would consider trying to collate it.

**2. Member perceptions**

- A. What initiatives are undertaken to understand members' views of their pension scheme (e.g. surveys, consultation, focus groups, etc)?
  - a. If any initiatives have been taken, please summarise the latest findings including any trends by pay grade, age or other characteristics.
  - b. If no initiatives have been undertaken, please explain why not or what plans are in place to introduce them.
- B. What initiatives are undertaken to understand why people opt-out of the public service pension scheme (e.g. exit surveys, focus groups)?
  - a. If any initiatives have been taken, please summarise the latest findings including any trends by pay grade, age or other characteristics.
  - b. If no initiatives have been undertaken, please explain why not or what plans are in place to introduce them.

We have not undertaken any initiatives to understand members view of their pension scheme and currently do not have any plans to do this. Again, we may consider this if our local pension board felt such an initiative would be of benefit.

### 3. Communicating pension value

- A. How is the value of the public service pension scheme communicated to prospective job applicants? Please include example text from job listings where possible.
  - a. Is there a standardised approach across employers in the scheme? If not, what levers would you have to introduce one?
  - b. Is the value of the public service pension communicated numerically? If so, how (employer contributions, accrual rates, etc)?
- B. What steps are in place to monitor the effectiveness of how the value of the pension is communicated to prospective job applicants (e.g. perception of the reward package, benchmarking etc)?
- C. Has the way the value of the pension is described been changed in response to these?
- D. Are there any distinct approaches taken to target specific demographics or applicants with specific skills?
- E. How is the value of the public service pension scheme communicated to existing members of the scheme? Please list specific examples of member engagement & comms where possible.
- F. What steps are in place to monitor the effectiveness of how the value of the pension is communicated to existing members, (e.g. perception of the reward package, participation rates, etc)?
- G. Are there any specific areas where:
  - a. Your department would value guidance or of best practice?
  - b. Your department would be willing to share guidance or best practice with others?

The value of the pension scheme is not communicated as a valuable benefit to prospective applicants. We make reference to the fact there is a pension scheme, but have not linked to a broader reward package. We would be keen to receive best practice or guidance on how to promote the value of the pension scheme to employees (prospective and existing) to make our overall employment offer more attractive.

		Impact				
		Negligible	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood	Rare	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost certain	5	10	15	20	25

## Risk Register for Fire Pensions

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 web (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 adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	4	4	16	a) Staff recruited specifically for McCloud tasks or to backfill positions so more experienced staff can be released for project 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 both the Fire Technical Group and Fire Communications Working Group to ensure all information is received e) Work across departments to be co-ordinated from the McCloud Remedy Working Group	2	4	8	Scheme Manager
6	25/03/2022	Matthews	Failure to obtain all relevant information from IoW Council or to adequately resource and successfully implement the Matthews remedy for HIWFRA to all affected members within the timescales prescribed.	3	3	9	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 both the Fire Technical Group and 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

BEFORE MITIGATION		Impact				
		Negligible	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood	Rare	1				
	Unlikely	2		1. Failure to administer the pension scheme in a proper and effective manner	3. Failure to adequately account for fund pension contributions	
	Possible	3		2. Failure to pay the right amounts on time and in line with legislation 6. Failure to obtain all relevant information from IoW Council or to adequately resource and successfully implement the Matthews remedy for HIWFRA to all affected members within the timescales prescribed.	4. Failure to identify and interpret and implement legislation correctly	
	Likely	4			5. Failure to obtain all relevant information from IoW Council or to adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	
	Almost certain	5				

AFTER MITIGATION		Impact				
		Negligible	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood	Rare	1		1. Failure to administer the pension scheme in a proper and effective manner	3. Failure to adequately account for fund pension contributions 4. Failure to identify and interpret and implement legislation correctly	
	Unlikely	2	6. Failure to obtain all relevant information from IoW Council or to adequately resource and successfully implement the Matthews remedy for HIWFRA to all affected members within the timescales prescribed.	2. Failure to pay the right amounts on time and in line with legislation	5. Failure to obtain all relevant information from IoW Council or to adequately resource and successfully implement the McCloud remedy to all affected members within the timescales prescribed	
	Possible	3				
	Likely	4				
	Almost certain	5				

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