



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

## **HIWFRA Firefighters Pension Board**

Purpose: Noted

Date: **31 JANUARY 2022**

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

Report of Chief Financial Officer

### SUMMARY

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

### COMMUNICATION

3. Since the last meeting, the Employer Pension Manager provided a presentation for the pre-retirement course on 7 November 2022 with the next one being on 6 February 2023. The courses have now been booked in right up to November 2026, with three courses a year being run.

### IoW RDS ISSUES

4. Some issues have been raised specifically by RDS members on the IoW, we believe that these are general issues, but have stemmed from issues with communication prior to the Combined Fire Authority. We are in the process of collating some of the issues and we are anticipating that we will run some type of session for these members. The format, location and subject matter are yet to be confirmed.

5. There are also some complaints that have arisen around some members from the IoW that elected to purchase backdated service in the Modified Fire Pension Scheme. The complaints related to the approach taken to interest when backdated service was purchased.
6. An initial look at these issues suggests that interest has been charged correctly but that the presentation of the information was unclear. The members concerned have been advised to raise an Internal Dispute Resolution Procedure (IDRP) appeal so that we can investigate properly and provide a full response with an explanation and consideration can then be given to any appropriate compensation.

### MEETINGS

7. The Employer Pension Manager continues to attend the fortnightly coffee mornings hosted by the LGA team. She has also attended the recent SE Fire Pensions Officer Group, the Fire Technical Working Group and the Fire Communications Working Group.
8. October 2022 saw the return of the in person Fire Pension Scheme AGM meeting. The Employer Pension Manager attended both days and the Board was also represented by the attendance of Ross Singleton.
9. The two day event had a number of speakers across a range of topics. Day 1 was aimed at Pension Board chairs and centred around governance with talks from
  - (a) Colin Dobbie a consultant actuary from Isio gave a talk on how Local Pension Boards can support both scheme managers and members with the 2015 remedy
  - (b) Alison Murray a partner from Aon, gave a talk on how FRAs can prevent falling foul of cyber risk and security
  - (c) Nick Gannon the policy lead at The Pension Regulator gave an update on the forthcoming Single Code
10. Day 2 was aimed at the technical community and pension administrators with talks from
  - (a) Frances Clark Deputy Head Police Workforce and Professionalism Unit from the Home Office on the view from Government, with updates on both the Matthews and McCloud remedies
  - (b) Jane Marshall a partner from Weightmans LLP and also the legal adviser the Fire SAB gave a legal update on recent caselaw and Pension Ombudsman's decisions
  - (c) James Allen an Actuary from First Actuarial LLP provided an actuarial update on the 202 valuation

- (d) Mark Rowe from the FBU from a members perspective
- (e) Richard James the programme director for Pensions Dashboards and Lucy Stone the business lead for Pensions Dashboards at The Pensions Regulator about the Pensions Dashboards programme
- (f) There was also the opportunity to join one of two workshops one on the Fire 2006 Compensation Scheme and the other on the employer discretions.

## MEMBER PORTAL

11. The membership of those registered on the portal continues to rise slowly. The numbers of those registered as at 31 December 2022 are shown in the table below:

HAMPSHIRE & ISLE OF WIGHT FIRE AND RESCUE SERVICE								
HIWFRA - FPS	Active		Deferred		Pensioner		Totals	
Active	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	677	52.73%	454	35.36%	755	54.67%	1,886	47.76%
Not registered	607	47.27%	830	64.64%	626	45.33%	2,063	52.24%
<b>Total</b>	<b>1,284</b>	<b>100.00%</b>	<b>1,284</b>	<b>100.00%</b>	<b>1,381</b>	<b>100.00%</b>	<b>3,949</b>	<b>100.00%</b>

12. For the pensioner membership, there are 626 or 45.33% not registered on the portal and Hampshire Pension Services have confirmed that 298 or 21.58% of these have elected for a member web opt out.

## TPR SCHEME RETURNS

13. Each year the Pension Regulator requires pension schemes to complete a scheme return. This includes information about the Board members, the number of members in each scheme and also the data scoring for both the common and scheme specific conditional data that is present and accurate on pension records.
14. The common data score is made up of things like personal data such as name, address, date of birth etc, while the scheme specific data score varies from scheme to scheme and for Fire would include specific things such as membership data including any transfer in details, CPD, temporary promotions etc.
15. The table below shows the scores for year ending 31 March 2021 and the latest year 31 March 2022, which shows that improvements have already been made across most areas. Work is ongoing with Hampshire Pension Services to improve these scores.

Year end	31/03/2021 (Includes all IOW membership numbers and in the data scoring)					
TPR Scheme Return	November 2021					
Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Common Data Score	Conditional Data Score
1992 Fire Pension Scheme	61	70	945	162	98.71%	95.51%
2006 Fire Pension Scheme	11	440	62	7	95.45%	98.00%
2006 Modified Fire Pension Scheme	22	48	100	6	97.73%	93.18%
2015 Fire Pension Scheme	1,209	557	9	8	98.23%	96.77%
<b>Total</b>	<b>1,303</b>	<b>1,115</b>	<b>1,116</b>	<b>183</b>		

Year end	31/03/2022					
TPR Scheme Return	November 2022					
Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Common Data Score	Conditional Data Score
1992 Fire Pension Scheme	22	82	966	161	99.00%	96.00%
2006 Fire Pension Scheme	20	431	71	7	96.00%	99.00%
2006 Modified Fire Pension Scheme	2	47	107	6	98.00%	98.00%
2015 Fire Pension Scheme	1,634	688	19	8	99.00%	97.00%
<b>Total</b>	<b>1,678</b>	<b>1,248</b>	<b>1,163</b>	<b>182</b>		

## RISK REVIEW

16. 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

17. The board are asked to review the Risk Register and to suggest any amendments. The Risk Register can be found in APPENDIX A.

## MATTHEWS / O'BRIEN CASE

18. On the member FPS website there is a section specifically for the second options exercise and members can complete a claim form with their details if they think they are in scope. So far, we have received 12 forms.
19. At some point in the next few months we will be setting up a project team for Matthews and the first bit of work will be to send out some "warm up" communications to the 897 members that we have identified as being "in scope" for the second options exercise. There will inevitably be some members that are no longer at the last address we hold for them, and we will therefore need to attempt to trace these members, preferably before October 2023.
20. At the last meeting, the Board heard how HIWFRA had been one of the 18 FRAs selected by the Government Actuary's Department (GAD) to supply

individual additional data for each of the members that are in scope for the Matthews remedy.

21. This proved to be a very complex detailed piece of work and required a lot of analysis of data as well as input from the IBC Pensions Admin Team and from the loW payroll teams. Unfortunately, due to the time constraints and the issues we had with contacting the right person on the loW, they were unable to provide any of the pay data required.
22. The data, which was mostly complete, was submitted to the LGA on 9 December 2022.
23. The Employer Pension Manager has been developing a spreadsheet detailing all of the pay data that will be required for each member, as both the actual pay and whole time equivalent reference pay will be required for each scheme year of employment. We also know that where we have pay data that was collected for the first options exercise then this must be used, so this is also being factored in.
24. In addition to this, the Employer Pension Manager is also analysing the data to specifically separate the members into different cohorts. This is because we also need to take into consideration those that will be subject to the McCloud remedy as well.
25. For some, they might be in scope for the McCloud remedy only if they purchase their Matthews remedy service. These members will need to be provided with their Matthews remedy options first, the relevant details will then need to be passed to Hampshire Pension Services so that they can issue the member with their McCloud remedy options at the appropriate time.
26. For others, it might be that they already are in the scheme and have membership in the remedy period. For this group of members Hampshire Pension Services will need to be advised to hold off providing their McCloud remedy options until the member has made their elections and details passed to Hampshire Pension Services regarding the Matthews remedy.
27. For those that are subject to the McCloud remedy these will need to be further split into those that are Deferred Choice (DC) (Active and Deferred) cases and those that are Immediate Choice (IC) (Pensioner and Beneficiary) cases. The IC cases will also need to be categorised further to align them with the McCloud prioritisation timetabling.
28. We anticipate that the Matthews remedy implementation will commence from 1 October 2023 so any preparatory work that can be done between now and the end of September will put HIWFRA in a good position to be able to adhere to the timeframes.

29. The Employer Pension Manager has also recently joined the Matthews Technical Working Group (TWG). This group is co-ordinated by the LGA, but has a small number of representatives from pension administrators and FRAs as well as colleagues from the Home Office and GAD.
30. The Matthews TWG purpose is to identify the processes and communications that will be required by all FRAs, as well as feeding into the legislation and tools that will be provided by GAD. This will help to ensure that we have a much more robust and joined up approach to the second options exercise than we did for the first options exercise in 2014 and 2015.

#### McCLOUD / SARGEANT REMEDY

31. As part of her work as the project manager for the implementation of the McCloud remedy on behalf of Hampshire Pension Services, the Employer Pension Manager has created a pictorial timeline view of the McCloud remedy. This can be found in APPENDIX B.
32. The Employer Pension Manager is continuing to attend both the monthly Cross Whitehall Project Management Group for all Public Sector schemes and the fortnightly Home Office Technical Working Group meetings with the LGA, NPCC, pension administrators from Police and Fire sector and also software suppliers.
33. The Employer Pension Manager met with Sean Harrison and Deborah Beaton from the media and communications team, to discuss an initial comms plan and timeline. Most comms will go into Routine Notice, but later in the year it was agreed that it would be helpful to record a webinar and to also utilise other forums and as appropriate.

#### IMMEDIATE DETRIMENT

34. As the Board will be aware, HIWFRA has currently paused the Immediate Detriment option to members. It was hoped that when the additional tax legislation required for the McCloud remedy was in place that consideration could be given to restarting this.
35. The technical consultation on the tax legislation ran between 24 November 2022 and 6 January 2023 and the Employer Pension Manager attended a round table discussion with HMRC. This was also attended by the Home Office, the LGA and NPCC along with other Police and Fire representatives and enabled us to talk through the legislation in detail.
36. The good news is that the tax legislation does do what we hoped it would and resolves the concerns we had for members tax issues. It is due to come into force from 6 April 2023 and will have retrospective effect, where

applicable; the bad news is that unfortunately this legislation is only effective when the secondary legislation comes into force from 1 October 2023, which means that should Immediate Detriment be used prior to this date, the tax issues, concerns and risks we have still exist.

37. The LGA and the FBU had re-entered negotiations on MoU that had been drawn up and unfortunately these negotiations have not been able to be progressed to a mutually satisfactory conclusion, so there are no amendments available to the MoU and there are no timescales for when these negotiations might be concluded.
38. Realistically with the tax legislation needing the secondary legislation to be effective which will not be before 1 October 2023 and with no progress on the MoU it does look unlikely that HIWFRA will be in a position to offer Immediate Detriment again.
39. We will of course keep this under review and should there be any exceptional circumstances surrounding a particular case, then we will utilise the delegation that is in place to make an informed decision.

#### McCLOUD REMEDY WORKING GROUP

40. The McCloud Remedy Working Group continues to meet monthly and helps to ensure that a consistent approach is used across all partners and aids the sharing of resources and knowledge.
41. The next challenge for this group will be to identify all the members that have some opted out service during the remedy period. We know that members that have opted out service may have the option to raise a contingent decision and may be given the opportunity to have the service re-instated.
42. We are still waiting for some further clarification and guidance from the Home Office about the exact criteria that will be required and details on how this process is likely to work, but in the meantime, we can start to identify the potential cohort of these members and collect the necessary data as we know that reinstatement options will have to be provided to this group.

#### IN SCOPE MEMBERS

43. As part of the work in the Cross Whitehall Group, the Home Office issued a scheme specific Provision Definition Document (PDD) on Eligibility. This confirmed the position about how transition dates and protection status should have been originally awarded to members in 2012.
44. Following this, the LGA issued their eligibility to remedy factsheet in August 2022. This highlighted that we needed to carry out a more detailed review

or all firefighters transition dates and protection status' that had been awarded in 2012, specifically for those that had multiple employments during the remedy period.

45. As a result of this work, there were an additional 294 records across all status of members that were identified as being in scope for remedy. Of these:
  - (a) 60 were found to have the correct transition date and protection status.
  - (b) 188 were found to have an incorrect transition date and or protection status, but the records could be amended as the amendment would have no effect on remedy
  - (c) 46 were found to have an incorrect transition date and protection status, and these amendments could not be changed without altering the remedy options.
46. The 46 members are a mix of member status and have a variety of protection status. Due to the complexities of trying to explain the issue to members, some of which have left employment, the resources required to resolve the individual issues and the timings in trying to correct the position before 1 October 2023, a pragmatic decision was made that these cases will be left and be corrected as part of the overall remedy situation.
47. The board may recall that in June 2022, HIWFRA issued letters to all active members to inform them if each of their roles were in scope or out of scope for remedy. As a result of this additional work on eligibility, 112 active members who initially received an out of scope letter were sent a revised "now in scope" letter at the end of November 2022.

#### REMEDY TIMETABLING

48. The PSPJOA allows 18 months for members to be provided with their McCloud remedy options. With the amount of work involved for remedy, it is not possible to deal with all cases immediately and equally we do not want to leave all cases until the end. The workload needs to be managed on top of Business as Usual, which will also include those retiring on or after 1 October 2023 and the implementation of the Matthews remedy.
49. Across the Police and Fire sectors, collaboration work with stakeholders has taken place to identify what would be an acceptable priority order. The timetable which has received agreement from the SAB, takes into account four main areas, the statutory dates, Immediate Choice cases, Deferred Choice cases and Miscellaneous cases. It further splits each of the four areas to show over what period remedy will be applied.
50. The timetable is helpful as it will enable administrators to concentrate on particular groups at the same time, albeit multiple strands working in



conjunction. It will also enable effective communications to be published which will notify members of when they can expect remedy. Clearly all members will want their remedy as soon as possible and it will be important to manage expectations.

51. Hampshire Pension Services are working on identifying the exact number of members that fall into each of the cohorts which will then enable them to fine tune the timetable according to the number of cases they have across Hampshire and IoW FRA, West Sussex FRA and Hampshire and IoW Constabulary.
52. It would be helpful if to know if the Board has any particular comments or views about the SAB approved remedy timetable which can be found in APPENDIX C.

#### RECOMMENDATIONS

53. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
54. That the risk register as set out in paragraphs 16-17 be approved by the HIWFRA Firefighters' Pension Board

#### APPENDICES ATTACHED

55. APPENDIX A – Risk Register
56. APPENDIX B – McCloud pictorial Timeline view
57. APPENDIX C – Remedy Timetable

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