



**Hampshire  
& Isle of Wight**

**FIRE & RESCUE AUTHORITY**

Purpose: Noted

Date: **20 JULY 2021**

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.

### STATUTORY REPORTING

3. The Accounting for Tax (AFT) for quarter 4 2020/21 was submitted and paid to HMRC on 27 April 2021. The table below shows the breakdown of the payments made.

<b>Type of payment</b>	<b>Number of members</b>	<b>Amount paid</b>
AFT - Annual Allowance	2	£29,023
<b>Total paid to HMRC</b>	<b>2</b>	<b>£29,023</b>

### COMMUNICATION

4. Since the last Board meeting there have not been any Fire Pension presentations.

### MEETINGS

5. The Employer Pension Manager has continued to attend the fortnightly “coffee mornings” put on by the LGA. She has also attended the Fire Communications Working group and the South East Regional Fire Pensions Officers group. These are national meetings and hosted by the LGA and continue to be online meetings.
6. The Employer Pension Manager also attended the Fire SAB virtual event on 20 May 2021 where Claire Hey from the LGA officially launched the national FPS Member website: [www.fpsmember.org](http://www.fpsmember.org). This has been a long time in the making and members of the Fire Communications Working Group have been heavily involved in reviewing the content prior to the launch.

### PENSIONS MEMBER PORTAL

7. The reporting for the Pensions Member Portal has been amended and we will no longer be reporting the split of age ranges, but instead will report the number of registered users for the current month of reporting that is available. We are also now able to report the number of deferred and pensioner members that are fully registered with the Pensions Member Portal.
8. The table below shows that 47.16% of active members, 16.18% of deferred members and 12.38% of pensioner members are now registered for the Pensions Member Portal. This represents 25.61% of the total Fire Pension Scheme membership.

HIWFRA - FPS	Active		Deferred		Pensioner		Totals	
	Number	% of active membership	Number	% of deferred membership	Number	% of pensioner membership	Number	% of total membership
Registered	556	47.16%	174	16.18%	143	12.38%	873	25.61%
Not registered	623	52.84%	901	83.82%	1,012	87.62%	2,536	74.39%
<b>Total</b>	<b>1,179</b>	<b>100.00%</b>	<b>1,075</b>	<b>100.00%</b>	<b>1,155</b>	<b>100.00%</b>	<b>3,409</b>	<b>100.00%</b>

9. For the pensioner members, registrations on the Portal have increased significantly over the past few months and that this is largely because from next year, payslips, P60’s and newsletters will only be available online, unless the member has opted out.

### COMBINED FIRE AUTHORITY (CFA)

10. The transfer of payroll and pensions data from IWC to the IBC Shared Services payrolls and to Hampshire Pension Services was completed on time with no major issues.

11. For Hampshire Pension Services there are some tasks that will take time to get through and this mostly relates to the uploading of the documents onto members pension records.

#### HISTORICAL CONTRIBUTION RATES

12. As part of the transfer, it was identified that there was an issue with historical employee contribution rates that affected on-call / RDS firefighters paid by the IWC for the period 1 April 2012 and 31 March 2021.
13. The Chief Finance Officer has been in contact with the IWC Chief Finance Officer to advise them of the issue. It is not yet clear how this will be resolved, and discussions are currently ongoing.

#### 2006 MODIFIED FIRE PENSION SCHEME

14. Some issues have also been identified with regard to the 2006 Modified Fire Pension Scheme members from the IWC and specifically with regard to the payments that have been or are still being made.
15. We have 21 members that are continuing to pay their monthly amounts to pay for the purchase of the arrears of service. These were all set up with new Direct Debits with Hampshire from April 2021.
16. We are now in the process of carrying out an audit of the contributions paid to the IWC. This will enable us to identify any differences in what has been paid compared to what was due. Initial checks show that there are potentially some underpayments for some of these members.
17. It has also been mentioned that some members that elected to pay their arrears of contributions by lump sum have been overcharged interest. The Employer Pension Manager is in the process of reviewing all the 2006 Modified Fire Pension Scheme data from the IWC to establish if there are any issues which may need correcting.

#### RISK REVIEW

18. 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

19. 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

20. There is still no update on this, other than that the legal discussions are still ongoing. We are waiting for the draft legislation to be issued from the Home Office which will enable us to determine the scale and parameters of members that are affected by the legislation change. Once we have this, we will be able to form a project team to both scope and plan the work required.
21. We know that this is being called the second options exercise for the Modified Fire Pension Scheme and it is hoped that there will be much more of a national consensus on both the approach and the communications to be issued this time around, which will aid in making it a more successful project.

### McCLOUD / SARGEANT REMEDY

22. The Employer Pension Manager is project managing the McCloud remedy work for Hampshire Pension Services and a project team meets monthly to discuss progress and what is coming up.
23. The Employer Pension Manager is also running a McCloud Remedy Working Group which has representatives from Pensions, Payroll, HR, and includes the Chief Finance Officers for both Hampshire Constabulary and Hampshire & Isle of Wight FRA. The aim of this group is to ensure that there is consistency across all the pension schemes and partners and that there is a co-ordinated approach to the McCloud remedy.
24. The McCloud Remedy Working Group also meets monthly, and this has removed anything McCloud related from the normal Employer Pension Groups, this helps to ensure that BAU is kept separate from this project as different resources are required.

### IMMEDIATE DETRIMENT

25. So far there have been 13 members who contacted us to say that they were intending to retire by April 2022. The status of the cases is shown below:

<b>Description</b>	<b>No</b>
Members put through Matrix approval	13
Members approved for Immediate Detriment	13
Have elected to not have Immediate Detriment	2
Have not yet elected for Immediate Detriment	4
Have elected for Immediate Detriment	7
Members that have declared intent to retire* and have been provided with Immediate Detriment options	4

\*declared intent to retire means a) have handed in their notice to their line manager and they have been made a leaver in the SAP portal and b) they have completed their retirement declaration form (this cannot be done more than three months prior to retirement).

26. The two cases that elected to not have Immediate Detriment had their benefits paid under current legislation. The four cases that have not yet elected are retirements from October onwards. Three of the seven members that have elected for Immediate Detriment, have not yet been provided with their remedy options as they are not yet due for retirement, and have not yet declared their intent to retire so the process has not started for these members.
27. The timescales initially stated to gather the information and calculate the necessary benefits to enable the options to be provided to the member was three months. We have now developed a suite of spreadsheets to aid with the volume of manual calculations required and this means the timescales are more likely to be around six weeks to two months.
28. We have still built in an additional checking stage as there are a lot of components and the spreadsheets may not be completely accurate, so a very vigilant eye (or two) are required. The Employer Pension Manager is working closely with Hampshire Pension Services with all of these cases.
29. Where there are adjustments required in respect of employer contributions these are not required to be paid over now, but instead will be captured as part of the scheme valuation process and reflected in the future employer contribution rates going forward.
30. Existing employer contribution rates set by the 2016 valuation remain in place until 2024. This means that any Immediate Detriment decisions made by the member will not financially impact the FRA in the short term.
31. On 10 June 2021, the Home Office published some updated guidance on the treatment of Immediate Detriment cases. This does help to clarify which cases can be processed using Immediate Detriment and confirms the unresolved issues that will need to wait for legislation. The revised guidance can be found in APPENDIX B.
32. What is pleasing to note from this updated guidance is that the Hampshire and Isle of Wight FRA are processing Immediate Detriment cases in line with this guidance. Each case is being assessed on a case by case basis and only those that are deemed to be clear and straight forward are being offered Immediate Detriment.
33. The letters that we are sending to the members which sets out the position for remedy under each of the legacy and reformed schemes and the options

for both contains all the recommended information. The template letter being used can be found in APPENDIX C.

#### PROJECT & COSTINGS

34. The project is currently on track and on budget. A review of the costings will be carried out at the end of each quarter and will then be shared in the following Pension Board report.
35. On 11 April 2021, The Home Office wrote to all FRAs to advise them that a £3m grant had been provided in respect of pension administration costs incurred in 2020/21 for the McCloud remedy work. The Hampshire and Isle of Wight FRA will receive a 4.63% share of this which equates to £138,787.83.
36. It is envisaged that this funding, which is a 'one off', will free up funding in 2020/21 that can be put into reserves and used to fund additional costs relating to McCloud administration costs in later years.

#### COMMUNICATIONS

37. The Employer Pension Manager has collated a master list of all internal communications that have been sent out that are in respect of McCloud. This will be kept updated as more communications are issued.
38. Since the last Board meeting one communication has been issued and that was to clarify the position with regard to temporary promotions and how they will be treated when members are moved back to their legacy schemes for the remedy period. The master list can be found in APPENDIX D.
39. The Employer Pension Manager has also added this information into the pension presentation that is given at the pre-retirement courses, along with some more general information about the McCloud remedy and Immediate Detriment.

#### 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 21-22 and APPENDIX A be approved by the HIWFRA Firefighters' Pension Board

## APPENDICES ATTACHED

42. APPENDIX A – Risk Register
43. APPENDIX B – Updated HO Immediate Detriment guidance
44. APPENDIX C – Template Immediate Detriment options letter
45. APPENDIX D – Master list of McCloud communications

Contact:

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