



**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	
Active	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>Total</b>
	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>In FPS 2015</b>	<b>Not in FPS 2015</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>Total</b>
	<b>In FPS 2015</b>	<b>Not in FPS 2015</b>	<b>In FPS 2015</b>	<b>Not in FPS 2015</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 loW 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 loW 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 loW, 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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