



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

## **HIWFRA Firefighters Pension Board**

Purpose: Noted

Date: **18 APRIL 2024**

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. The Chief Financial Officer delivered a presentation at the pre-retirement course in February. The delivery of the courses will transition to the in-house HR team over the course of the financial year.
4. Hampshire Pension Services have also provided a snapshot of their communication with members during the month of February. 50 telephone calls were received. 48 (96%) of these calls were answered. When calls are not answered this is due to the member ending the call before it can be answered. This may be because they heard a message pointing them towards the website or portal.
5. In addition, 14 emails were received and 14 member enquiries were received via the pension portal.
6. The Board are asked to consider whether they would be interested in receiving further similar updates in the future.

## THE PENSIONS REGULATOR SCHEME RETURNS

7. Changed deadlines for scheme returns mean that this information is being reported retrospectively for 2023/24. The Chief Financial Officer completed the returns, providing information about scheme membership numbers, details of the scheme manager, Fire Pension Board members, details of the administrator and other relevant contact details.
8. TPR also require data scoring which consists of common data and scheme specific conditional data. 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.
9. The table below shows the scores for year ending 31 March 2023 and the latest year 31 March 2024. The scores remain largely unchanged across the two years.

Year end		31/03/2023					
Scheme	Active	Deferred	Pensioner	Beneficiary	Common data score %	Scheme specific data score %	
1992 Fire Pension Scheme	22	82	866	161	99	96	
2006 Fire Pension Scheme	20	431	71	7	96	99	
2006 Modified Fire Pension Scheme	2	47	107	6	98	98	
2015 Fire Pension Scheme	1344	688	19	8	99	97	

Year end		31/03/2024					
Scheme	Active	Deferred	Pensioner	Beneficiary	Common data score	Scheme specific data score	
1992 Fire Pension Scheme	0	78	980	162	99	96	
2006 Fire Pension Scheme	0	428	74	9	96	99	
2006 Modified Fire Pension Scheme	0	43	109	9	97	97	
2015 Fire Pension Scheme	1296	761	312	9	99	98	

## MEETINGS

10. Representatives from HIWFRA, IBC pensions administration and Hampshire Pension services continue to attend information sharing meetings as appropriate. The Chief Financial Officer has also attended National Fire Chief Council calls on pensions related matters.
11. Monthly meetings are now held between Hampshire Pension Services and the Chief Financial Officer, to review bulletins and meeting actions and to agree on actions.
12. The in-house HR team joined the service on 1 April 2024. Attendance at meetings will be reviewed following this change.

## MEMBER PORTAL

13. The membership of those registered on the portal continues to rise slowly. The numbers of those registered as at 28 February 2024 are shown in the table below:

Status	Registrations to date	% of total membership
Active	783	60.23%
Deferred	551	40.66%
Pensioner	895	62.68%
<b>TOTAL</b>	<b>2,229</b>	<b>54.59%</b>

14. There have been 61 new registrations since December 2023, continuing the steady increase in overall registrations.

## McCLOUD REMEDY

15. Progress continues on the implementation of the McCloud remedy. Members who have retired since 1 October 2023 have made choices about the remedy period and their cases are now resolved. The first cohorts of members who retired prior to 1 October 2023 but within the remedy period were due to be processed by 31<sup>st</sup> March 2024 (ill health retirees) and 31<sup>st</sup> May 2024 (beneficiaries). There has been a delay in the processing of these cases due to a national pause.
16. This issue affects Immediate Choice members only i.e. not those who have retired since 1 October 2023. These members need to be offered information and to make a choice about their pension during the remedy period.
17. Once members have made their choice, they will potentially be due arrears of pension and lump sum. The rate of interest due on these arrears is 8%. As this interest is not treated as compensation, it is subject to tax and normal tax rules apply. This means that any interest over Bank of England base rate plus 1% will be taxed at 40%.
18. The issue is that this tax on interest was not factored into the McCloud calculator produced by the Government Actuary's Department or in the guidance that was produced to support pension administrators with calculations. Clarification from HMRC and HM Treasury is needed before a revised calculator can be produced.
19. The LGA initially advised pausing work, with the expectation that there would be a quick resolution. This has not proved to be the case. The LGA has proposed three options for resolution to the Scheme Advisory Board:
- (a) Continue with the pause until the GAD calculator is available

- (b) Lift the pause and make payments, based on assumptions about how to treat tax on interest
  - (c) Lift the pause and pay but exclude interest on arrears owed to members for the time being.
20. Option (a) represents a further delay to remedy, with negative impacts on members who have already experienced a significant delay in accessing benefits. Should the GAD calculator take significant time to produce, it may also threaten the overall timetable for remedy.
21. Option (b) is high risk as it is unlikely that the assumptions would be completely correct, meaning that complex rework would be required. It would also be challenging to explain to members who received updated calculations once the GAD calculator was available.
22. In consultation with Hampshire Pension Services, the Chief Financial Officer is proposing a modified option (c). The proposal is to lift the pause and make payments but exclude all interest for now i.e. interest owed to the Fire Authority by the individual as well as interest owed by the individual to the Fire Authority.
23. This would be the approach taken until the GAD calculator becomes available. Once it is available, future cohorts would be processed in full i.e. including interest. Cohorts who had been processed without the updated GAD calculator would then be recalculated at the end of the process.
24. This approach would allow progress to continue to be made on the McCloud remedy and would allow members to make a choice. This also seems to be a fairer approach – interest would be neither received nor paid.
25. There is a risk with this approach that members may incur a small tax charge. This would need to be made clear to members, who would then have the option of choosing to wait until the GAD calculator was available to make their choices and receive their payment.
26. The views of the Pension Board are sought on the proposed option.
27. The risk register, referred to in more detail later in this report, has been updated to reflect this issue.

#### MATTHEWS – GENERAL UPDATE

28. Progress continues on the Matthews remedy, with around 25% of those contacted having returned an expression of interest form.

29. The Matthews GAD calculator has proved challenging to operate and internal work on the quality assurance of calculations has been carried out. This has taken longer than had been originally estimated. However, individual statements of details, covering the costs and benefits of pension buy back have begun to be issued. It is anticipated that the numbers of issued statements will increase significantly now that teething problems with the GAD calculator have been ironed out.
30. Informal feedback from members suggests that the communications shared to date have been challenging to interpret. In light of this a follow up communication with a simpler message has been drafted and will be shared with members who are yet to respond. Work on processing those claims which have been received to date continues.

### RISK REVIEW

31. There are a number of items in pension administration and governance which contain elements of risk. These are captured on the specific Pension Board risk register. Currently there are no pension related risks on the organisational risk register.

### RISK REGISTER

32. Risk 5 has been amended to flag the risk of the issues discussed above and future unforeseen national issues. The mitigated risk score has been increased as these issues are largely outside of the control of the Fire Authority.
33. Risk 8 surrounding changes to the Shared Services model will remain live until the new HR team has become fully embedded within the service and has taken on a full role in pension related issues.
34. Risk 9 has been added on the assumption that the Board are supportive of the proposal outlined in paragraph 19 above. Some mitigations are included but as they have not yet been implemented, the mitigated score remains the same as the unmitigated.
35. The board are asked to review the Risk Register and to suggest any amendments. The Risk Register can be found in APPENDIX A.

RECOMMENDATION

36. That the content of the report be noted by the HIWFRA Firefighters' Pension Board
37. That the risk register as set out in paragraphs 32 - 35 and Appendix A be approved by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

38. APPENDIX A – Risk Register

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