

# McCloud remedy for the Police and Fire schemes

## Project overview

Working in partnership with



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# Approach to the McCloud remedy project for Police and Fire

## 1. Introduction

The purpose of this document is to set out the overall approach for the McCloud remedy project for the police and firefighter pension schemes and to highlight the external dependencies which will impact the overall delivery of the project.

## 2. Overall aim

To allow all members within scope of the remedy the choice of receiving legacy or reformed scheme benefits for the remedy period and to resolve the financial implications of those decisions in terms of contributions, interest and tax position.

To deliver this aim, the following things need to be in place:

- Regulations and guidance
- Service and financial data for those in scope on each individual UPM record
- New calculations in UPM which allow the calculation (newly retiring members) and recalculation (deferred and pensioner members) of benefits to show the choice comparison
- New calculations which allow the creation of compliant Remedial Service Statements
- The completion of exercises to allow members the choice of legacy or reformed scheme benefits and reinstatement for those who had opted out as a way of protecting their legacy benefits.

## 3. Key deliverables

The table below sets out the key deliverables for this project and the anticipated timescales.

Deliverable	Responsible	Target date
<b>Regulations and guidance</b>	Home Office	(Draft) February 2023
<b>Service and service break data for the remedy period</b>	Scheme managers	June 2022
<b>Financial data for the remedy period (CPD/APB/contributions and final salary/CARE pay)</b>	Scheme managers	June 2022
<b>Identification of the different cohorts</b>	Scheme manager/HPS	March 2023
<b>Upload of financial and service data onto UPM records</b>	HPS	September 2023
<b>Implementation of new calculations</b>	Civica/HPS	May – December 2023
<b>Remedial Service Statement issued</b>	HPS	October 2023 – April 2025

## 4. Project approach and governance

The McCloud remedy project is being carried out by an internal team with a project manager overseeing the work. There is a monthly project meeting led by the project manager to track progress against the project plan and there are fortnightly meetings within HPS to discuss tasks in more detail. These project meetings are in addition to the task focussed meetings taking place within the team and with the fire and police authorities as required.

In addition, Civica have set up a project board and technical group with representatives from all their police and fire clients, as well as from the LGA and NPCC to ensure that the software deliverables are compliant and delivered to sites on time and budget. HPS are represented on both groups.

HPS also attend the LGA Fire coffee mornings and the NPCC Police Pensions updates.

A McCloud update will be included with each monthly partnership report with the partner meetings providing an opportunity to discuss anything in more detail. Partners are sharing the cost of the McCloud project team and the new software based on their share of police and fire members administered by HPS.

## 5. Risk register

The project manager is maintaining the risk register for the McCloud project. The key risks are around the availability of data and software as well as the regulations required to implement the remedy. A summary of the risks is shown in the table below.

Category	Description	Number of related risks on register	Mitigation	Risk rating
<b>Data</b>	Scheme managers may not hold or provide accurate data by the deadlines and the data may not match to that already held of UPM.	4	Early and sustained engagement with employers and communication and escalation with Partners. Documented approach to delayed or missing data.	Medium
<b>Regulations</b>	Regulations are not available on time for Civica or administrators to meet the required timetable for implementation of the remedy	10	Limited – reliance on national groups putting pressure on Home Office to publish regulations and guidance and respond to consultations	High
<b>Resources</b>	Insufficient resource or availability of automated calculations may prevent remedy data being uploaded in time or calculations being carried out	7	Costs of project team and software shared across partners so all can benefit from economies of scale. McCloud is a key risk on the Fund's risk register so will have the profile and support of the relevant local Board. Civica are providing a robust project plan and governance around their deliverables.	High
<b>Communication</b>	Communications are not issued on time to members or are so complex that they cannot be understood. Staff are unable to cope with the queries from members	7	Communications will be drawn from national groups where possible. Workstream as part of internal project group to ensure that appropriate communications are issued at the right times.	High

## 6. Data

The purpose of the data collection and upload exercise is to get information onto records which will allow the comparison between legacy and reformed scheme benefits.

Data has been provided on spreadsheets in an agreed format. The financial collection template was complicated by the mix of relevant dates which for Fire CPD is July to June but for most other financial data is April to March. This data will be manipulated by HPS to get it in the right format for upload into UPM.

The data will be loaded onto individual records using Civica's bulk data importer (BDI). The BDI validates the data and provides administrators with the opportunity to resolve warnings and errors. Data which cannot be matched to a record or which otherwise errors will not be uploaded to a record without manual intervention. The delivery of the BDI has been delayed due to the issue with the agreed LGA template which did not account for the CPD year (but instead put everything to April – March). The BDI loader is now expected towards the beginning of March 2023.

All data needs to be on individual records by October 2023.

## 7. Software

Significant changes to the software are required to enable the administration of the McCloud remedy for the police and fire schemes. Civica have produced a proposal for the timing of the software releases which is shown in Appendix 1. Some elements on the proposal have a high risk of additional work being required once legislation is delivered – the risk occurs because in order to deliver the calculations out to clients on time for statutory dates to be met, work is having to start before legislation is in place. This could mean a solution is developed which does not meet the legislative requirements. Civica would not normally start development without a clear legislative input but the timescales on McCloud have necessitated this alternative approach.

## 8. Timetable

Once the regulations come into force on 1 October 2023, all newly retiring officers and firefighters affected by remedy will be given their deferred choice underpin (DC) information to allow them to choose legacy or reformed scheme benefits for the remedy period.

From this date, the immediate choice (IC) work will also start for pensioners and representatives to allow these cohorts to elect for the new or legacy scheme. Once elections are received back, HPS will adjust where necessary the tax, contributions and benefits for members.

An extract of the LGA Fire Coffee morning slides from 5 January 2023 is shown in Appendix 2 which is relevant to both the Fire and Police pension schemes. This sets out the DC and IC options and proposed timetabling within the statutory period of October 2023 to April 2025.

## 9. Parallel/connected projects

### Contingent decisions

Members who opted out during the remedy period because of the scheme changes will be given the option to opt back in. Once these members have been given this option by their police or fire authority, HPS will have to provide them with an RSS within 18 months of their election.

The option will be given automatically to anyone who opted out within two pay periods of joining the 2015 scheme or for all other opt outs from 1 April 2012, this will be an evidence-based decision taken by the relevant authority.

It is also likely that members who might have made different decisions about purchasing additional benefits and transfers in and out will be given the option to change that decision.

## **Transfers**

Revised CETV calculations must be provided on the alternative benefit for members who transferred out during the remedy period. Where these result in higher benefits, an RSS must be sent within 18 months to the receiving scheme.

## **Matthews (Firefighters only)**

The Matthews exercise is expected to run concurrently with the McCloud remedy and provision of RSS from 1 October 2023. Some individuals will need to make elections under both Matthews and McCloud. Those with an IC option will need to make their Matthews election first to ensure they have the correct roll back position.

## Appendix 1 – UPM delivery timetable

### Proposed Drop plan for Civica deliverables

<b>Deliverable</b>	<b>Date</b>
<b>Eligibility</b> <ul style="list-style-type: none"> <li>- Review of members in Scope for McCloud Remedy – Y</li> <li>- Additional Folder Extra Element for Immediate Detriment Cases</li> <li>- Report to ensure consistency of “Protection Status” Folder Extra</li> </ul>	<b>24/02</b>
<b>Reports</b> <ul style="list-style-type: none"> <li>- Report for numbers of members in each protection status by folder status</li> <li>- Report for numbers of members in each cohort of the RSS remedy timetable</li> <li>- Report of numbers of members with multiple status histories where active.</li> <li>- Report for numbers of members with divorce debit earmarking order brought into payment after 01/04/2015</li> <li>- Report for numbers of members with divorce debit (PSO) per status then split of during the remedy period</li> <li>- Report for numbers of members with Transfer in's during the remedy period</li> <li>- Report for numbers of members who Transferred out where DOL is after 01/04/2015</li> <li>- Report for numbers of members who have additional contracts during the remedy period, split out by status and type of contracts</li> <li>- Report for numbers of members who have scheme pays split by status and split based on pre/post 01/04/2015 debit</li> </ul>	<b>24/02</b>
<b>Data Part 1</b> <ul style="list-style-type: none"> <li>- Update Scheme History</li> <li>- Recreation &amp; Revaluation of CARE Pension data from earnings</li> <li>- Legacy/Reformed Divorce Debit</li> <li>- Update ABP/CPD data from collection file (FIRE)</li> <li>- Update Additional Service (Police)</li> <li>- Re-calculation of PIA/AA for members who do not have:               <ul style="list-style-type: none"> <li>-Transfers In</li> <li>-Divorce Debits</li> <li>-Additional Contributions</li> <li>-Scheme Pays Debits</li> </ul> </li> <li>- Process maps, Documentation and Release notes</li> </ul>	<b>05/05</b>
<b>Calcs Part 1</b> <ul style="list-style-type: none"> <li>- Deferred Benefit</li> <li>- Deferred Benefit into Payment</li> <li>- Death in service (two calcs)</li> <li>- Normal Retirement (two calc)</li> <li>- Ill Health Retirement (two calc)</li> <li>- Death on Deferred ( this is police and fire one calc)</li> </ul>	<b>30/06 (without Transfer out)</b>  <b>05/05 (DB ONLY)</b>



<ul style="list-style-type: none"> <li>- Care Annual Revaluation</li> <li>- Transfer Out - CETV and Club Transfers</li> </ul>	
<b>Data Part 2</b> <ul style="list-style-type: none"> <li>- Transfer In</li> <li>- APC's</li> <li>- Excess Service</li> <li>- Pension Contributions at 01/10/2023</li> <li>- Members with Scheme Pays</li> <li>- Pension Credit members</li> <li>- Recreation of CARE for members with APC's/TV in's</li> <li>- PIA/AA for members with events</li> <li>- Calcs part 1 revisited with data part 2</li> <li>- Calcs part 1 with new contributions calc when DCU made</li> </ul>	<b>25/08 (with Transfer out)</b>
<b>Calcs Part 2</b> <ul style="list-style-type: none"> <li>- Bulk re-calculation of deferred benefits (with DCU options)</li> <li>- Bulk re-calculation of retirement benefits (with IC options) Pensioner members</li> <li>- Updated Pensions Increase for McCloud Elements</li> <li>- Updated Annual CARE Reval for McCloud Elements</li> <li>- Updated Active Annual Benefit Statements with RSS</li> <li>- RSS statement for Tv out members</li> <li>- Updated Deferred Benefit Statements with RSS</li> </ul>	<b>23/10</b>
<b>Calcs Part 3</b> <ul style="list-style-type: none"> <li>- Updated valuation data extracts for 2024 Scheme Valuation</li> <li>- Updated Stand Alone Annual Allowance Calculation</li> </ul>	<b>15/12</b>
<b>Member online</b> <ul style="list-style-type: none"> <li>- View DCU/IC options electronically</li> <li>- Make ICU elections online</li> <li>- Integration with the Civica workflow processing</li> </ul>	<b>15/12</b>



## DC cohort timetabling

### October 2023 to October 2024

- Active unprotected and taper protected members
- Deferred unprotected and taper protected members

### April 2024 to July 2024

- Contingent decision (opt out)

### September 2024 to March 2025

- Protected active and deferred members



## IC cohort timetabling

### October 2023 to March 2024 (Priority)

- Ill-health retirements (including re-assessments)
- Death in service beneficiaries

### October 2023 to May 2024

- Ill-health retirement beneficiaries
- Unprotected and taper protected beneficiaries

### October 2023 to November 2024 (Largest cohort)

- Unprotected and taper protected pensioners

### January 2024 to July 2024

- Contingent decision (opt out)

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## IC cohort timetabling contd.

### May 2024 to January 2025

- Protected FPS 2006 pensioners\*
- \*N.B: May be more likely to elect for new scheme

### August 2024 to March 2025

- Protected beneficiaries (FPS 1992\* and FPS 2006)
- \*N.B: FPS 2015 may provide better family benefits

### October 2024 to March 2025 (less likely to elect for new scheme)

- Protected FPS 1992 pensioners

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