



**Wednesday, 29 March
2023**

1.00 pm

**Meeting of
Local Pension Board -
Firefighters Pension
Scheme**

**Clemonds Hey
Winsford
CW7 2UA**

Contact Officer:
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Cheshire Fire Authority

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The Agenda is usually divided into two parts. Most business is dealt with in the first part which is open to the public. On some occasions some business may need to be considered in the second part of the agenda, in private session. There are limited reasons which allow this to take place, e.g. as confidential information is being considered about an individual, or commercial information is being discussed.

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MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME

WEDNESDAY, 29 MARCH 2023

Time : 1.00 pm

Fire Conference Room, Clemonds Hey, Cheshire

AGENDA

- 1 Apologies**
- 2 Declaration of Interests**
- 3 Notes from the previous meeting** (Pages 1 - 6)
A copy of the notes from the previous meeting held on 17th November are attached, for information.
- 4 XPS Administration Cheshire Fire Pension Board Report Quarter 3 2022-23** (Pages 7 - 22)
- 5 Firefighter Pension Scheme Update** (Pages 23 - 42)
- 6 McCloud/Sargeant Judgement Update** (Verbal Report)
- 7 Firefighter Pension Scheme Risk Register** (Pages 43 - 62)
- 8 JCNP Pensions Update** (Verbal Report)
- 9 Pension Board Training Update** (Verbal Report)

Next Meeting: Wednesday 15th August 2023 at 2.00pm



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Thursday, 17 November 2022 at Fire Conference Room, Clemonds Hey, Cheshire at 12.00 pm

PRESENT: Councillors David Brown (Chair), Lee Shears and Neil McElroy

1 APOLOGIES

Apologies for absence were received from George Peers (FBU).

2 DECLARATION OF INTERESTS

There were no declarations of interest received.

3 NOTES FROM THE PREVIOUS MEETING

RESOLVED: That

[1] the minutes of the Local Pension Board held on 9th August 2022 be confirmed as a correct record.

4 XPS ADMINISTRATION CHESHIRE FIRE BOARD QUARTER 2 2022-23

Graeme Hall, Governance and Communications Manager from XPS Administration, was in attendance and presented the Cheshire Fire Pension Board Report Quarter 2 of 2022-23 which contained the following information:-

- Overview
- Member Self Service
- Common Data
- Membership
- Completed Cases Overview
- Completed Cases by Month
- Complaints
- Telephony

Graeme Hall advised that at the last meeting additional commentary outlining the reason for missed service levels had been requested in future quarterly performance reporting. This was not included in the report circulated with the agenda. However, it had been provided after the agenda had been published and would be available in future reports.

Graeme Hall advised that XPS Administration were in the process of purchasing a fire specific telephone line and the number would be included on all future correspondence. This line would lead to specific fire-dedicated advisors and would

allow the number of calls relating to different subject matters to be monitored.

Graeme Hall provided an update on the Member Self Service. He advised that to-date the uptake had been disappointing with only 33.3% having registered. The Pension Scheme Manager advised that the Member Self Service needed to be promoted and a discussion was had on the reasons why retired pensioners did not feel the need to use the system.

The Board asked that the colour scheme was changed on Section 04 Membership and 05 Completed Cases Overview to amber and red as the current colour scheme was not clear.

A Board Member referred to LGA Bulletin 60 with specific reference to the 'Electric vehicle salary sacrifice'. The bulletin advised that there was a provision within FPS2015 for salary sacrifice. However, it was up to each individual FRA to determine whether electric vehicle's meet the requirements. In response, the Pension Scheme Manager advised that officers were due to meet .at the beginning of December to discuss electric vehicle schemes in further detail.

RESOLVED: That

- [1] the XPS Cheshire Fire Pension Board Report Quarter 2 be noted;**
- [2] XPS Administration to include additional commentary outlining the reason for missed service levels in future quarterly performance reports; and**
- [3] XPS Administration to change the colour scheme used in Section 04 Membership and 05 Completed Cases Overview to amber and red in future quarterly performance reports.**

5 FIREFIGHTER PENSION SCHEME UPDATE

The Pension Manager presented a report which provided an overview of the current issues relating to the Firefighters' Pension Schemes, including updates on the following:-

- Member Statistics
- FPS Bulletin Actions Arising
- McCloud Judicial Review
- McCloud Data Collection Exercise
- McCloud Contingent Decisions
- McCloud Provision Definition Documents
- Pension Dashboard Programme Update
- The Pension Regulator Single Code of Practice
- Matthews Remedy
- Potential Industrial Action
- General Updates

Board Members were advised that the Annual General Meeting for the Firefighters' Pension Schemes had taken place on 25th and 26th October 2022 and was attended by the Pension Scheme Manager and Pensions Manager. The key subjects covered included an overview of recent case law, updates on the Pension Dashboard Programme and presentations from the FBU relating to McCloud.

The Board were advised that the FBU were currently balloting members regarding strike action over a dispute about pay. Communications to staff were currently being drafted, in preparation for any potential action, to ensure that they were fully aware of the way pay and pension deductions would be calculated and the process and timescales for repaying any contributions for breaks in service. The Board had a discussion on how the strike would impact on an individual's pension when it was time to retire and about buy-back extra days. The Pension Scheme Manager advised that this information would be clarified and would be shared with staff accordingly.

The Board were advised that the public sector unions had been granted a judicial review in relation to McCloud/Sergeant remedy costs inclusion in the control cap mechanism. A date for the hearing had been confirmed and was due to take place on 23rd January 2023 over 5 days.

Amy Caves, Solicitor provided an update on the McCloud/Sargeant Remedy and Immediate Detriment. The Board were advised that a communication was issued to all nominated contacts on 14th October 2022 to confirm that the injury to feeling Employment Tribunal had been vacated. Vacation of the hearing followed an agreement in principle as to issue of non-financial loss, and to provide further time to negotiate the full settlement details between all parties (including FRAs) through their legal representatives. There was no detail of the settlement yet and the cost of any compensation would be fully met by the Government.

Negotiation between the respective legal representatives was still needed on the details, including timescale and practicalities around making payments. Timescale for holding those discussions was not known yet. However, FRAs would be updated on any material developments through their nominated contact.

The reverse discrimination claims apply to protected members who were not given access to the 2015 scheme (until 2022); those cases had not yet been tested in court to determine whether discrimination occurred. The claims were stayed, but such members would be given the same remedy options as all other eligible members when the legislation was in place. The FOA claims were the same as the FBU claims, they were just made later and covered a different group of members.

The Board had a discussion on the injury to feeling claims and queried whether claims could be made retrospectively or whether it would only apply to those who had already submitted a claim. Amy Caves was asked if she would seek clarification on this and to provide an indication of the number of staff within CFRS who had submitted a claim.

RESOLVED: That

- [1] the Firefighter Pension Scheme update be noted; and
- [2] the Legal Advisor to provide clarification on eligibility for an Injury to Feelings claim and the number of CFRS staff in scope.

6 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Pension Manager presented that Firefighter Pension Scheme Risk Register (the Register) that had been reviewed and updated in November. Updates since the last meeting were highlighted in blue in the document.

The Pension Manager provided comments on each of the updated risks. The Board were advised one new risk had been included on the register relating to 'McCloud Remedying legislation finalised close to October 2023'. This had been included following feedback from Heywoods at the Scheme Advisory Board meeting in June 2022 to monitor the progress of legislation.

RESOLVED: That

- [1] the Firefighter Pension Scheme Risk Register be noted.

7 JCNP PENSIONS UPDATE

The Pension Scheme Manager reported that the main issues raised at the last meeting of the JCNP on 20th October 2022 by the FBU was in relation to the Service's Position on Immediate Detriment.

At the meeting the FBU had asked if the costings had been completed and whether these had been shared with Fire Authority Members. In response, the Pension Scheme Manager had confirmed that the exercise to understand the costings associated with Immediate Detriment had been completed and that Members had been updated in June 2022. Due to many factors that were still unknown and unclear, the figures did not represent an accurate, or reliable estimate of the expected costs. This had been highlighted to Members.

The Service would look at any cases where individuals were encountering genuine hardship. The FBU had been asked to advise of any such cases and the Service had made a commitment to look at these with a view to providing some short-term assistance where possible.

RESOLVED: That

- [1] the update be noted.

8 PENSION BOARD TRAINING UPDATE

The Pension Scheme Manager advised that the LGA Pensions Team had provided annual training in August 2022. Further training would be available in the Spring and asked Board Members to contact the Governance and Corporate Planning Manager

if they required any specific training on any issues relating to pensions.

RESOLVED: That

[1] the update be noted.



Cheshire Fire

Pension Board Report

2022-2023

Contents

01 Overview

02 Member Self Service

03 Common Data

04 Membership

05 Completed Cases Overview

06 Completed Cases by Month

07 Complaints

08 Telephony

01 Overview

Regulations and Guidance

September 2022

LGA issued bulletin 62

Key Points:-

Matthews – FPS member website update

LGA have recently added some additional commentary to the FPS member website around the second options exercise.

Matthews – member warm up communications.

LGA have uploaded generic template letters for both in scope and out of scope retained firefighters. FRA's are strongly recommended to use these templates where appropriate.

Fire and Rescue workforce and pension statistics published

The Home Office published the statistics which covers a period from April 2021 to March 2022 and reflect data returns on income, expenditure and membership submitted by all 44 FRA's in England.

Actions required: -

LGA would like all FRA's to provide them with a list of the IQMP's they use and their contact details.

November 2022

LGA issued bulletin 63

Key Points:-

Ill-health factsheet on reassessment cases

LGA remind FRA's that a re-assessment of ill-health entitlement will not be needed in every case, it is only where, under rollback, the individual would qualify for alternative ill-health benefits and the assessment criteria under the regulations sets a lower qualifying bar.

Actions required: -

Age discrimination remedy – Ill-health factsheet on re-assessment of cases:

FRAs to review the ill health re-assessment factsheet and ensure that appropriate action is taken where necessary.

SAB levy 2022-23 – Request for Purchase Order numbers:

FRAs to provide a valid purchase order number, stating the number of employees eligible to join one of the Firefighters' Pension Schemes as of 1 April 2022, using the form provided with the SAB 2022-23 levy letter.

Consultation on The Public Services Pension Scheme (rectification of unlawful discrimination) (Tax) regulations 2023:

FRAs and administrators are encouraged to respond to the consultation.

December 2022

XPS attended the Fire Technical Working Group – Monday 25th July 2022.

LGA issued bulletin 64

Key points:-

IQMP Central list

Several IQMP's have given their permission for LGA to publicise their contact information on the protected area of the FPS Regulations and Guidance website.

Retrospective Remedy Webpage

LGA has created a new webpage for retrospective remedy. The page contains useful information and documents about the retrospective remedy.

Retained firefighter Employment Tribunal pension claims

LGA ask all FRA's to be alert to the receipt of Employment Tribunal claims brought on behalf of retained firefighters and inform the LGA immediately on receipt..

Actions required: -

Deferred connection guidance published:

FRAs who meet the limited circumstances and want to apply to defer dashboard connection, must email pensionsdashboard@DWP.gov.uk as soon as possible and before 12 December 2023.

Early connection guidance updated:

FRAs should decide as soon as possible if they want to connect early to dashboards and apply to MaPS when application forms are available.

HMRC publishes pension schemes newsletter 145:

FRAs and administrators to remind members who do not have enough carry forward to offset a tax charge for 2021 to 2022 to declare this on their self-assessment tax return.

Additional Work

Guaranteed Minimum Pension Reconciliation

Work is currently underway to outline the next steps in this process. This will include a final balance to the information held by HMRC and then calculation of any under, or over, payments that have resulted in a difference between the GMP figure held on the members record and that held by HMRC.

McCloud

Phase 2 has been agreed and work has now commenced. The first software updates (Active to Deferred calculations) have been received and tested. Further releases are expected in two deliveries (expected March/April and June/July).

Phase 3 discussions have also commenced between the LGA, XPS, and Heywood. Costs for this Phase will be announced as soon as they are available.

02 Member Self Service

Cheshire Fire						
Quarter 3	REGISTERED	ACCOUNT DISABLED	ACTIVATION LINK SENT	NOT REGISTERED	TOTAL	% Up Take
Actives	352	3	15	280	647	54.9%
Deferred	117	3	6	418	541	22.2%
Pensioner	259	10	6	528	793	33.9%
Widow/Dep	9	0	0	109	118	7.6%
Total	737	16	27	1,335	2,099	35.9%
	<i>Fire Averages for comparison with FRA</i>					
	REGISTERED	ACCOUNT DISABLED	ACTIVATION LINK SENT	NOT REGISTERED	TOTAL	% Up Take
Actives	31.0%	0.3%	2.3%	34.0%	730	46.3%
Deferred	10.7%	0.2%	0.5%	32.7%	251	24.7%
Pensioner	28.5%	0.8%	1.3%	70.0%	671	29.1%
Widow/Dep	1.4%	0.0%	0.0%	15.4%	34	8.6%

Age Profiles for fire fighters who have registered for self service			
Under 22	0.00%		Aged 46 - 50 24.14%
Aged 23 - 25	2.82%		Aged 51 - 55 11.91%
Aged 26 - 30	8.78%		Aged 56 - 60 2.82%
Aged 31 - 35	12.23%		Aged 61 - 65 0.63%
Aged 36 - 40	14.73%		Aged 65+ 0.00%
Aged 41 - 45	21.94%		

03 Common Data

Cheshire Fire				
Data Test	Common data score			
	Max Population	Total Fails	% OK	
NINO	2441	3	99.88%	
Surname	2441	0	100.0%	
Forename / Inits	2441	0	100.0%	
Sex	2441	0	100.0%	
Title	2441	1	100.0%	
DoB Present	2441	0	100.0%	
DJS	2441	0	100.0%	
Status	2441	0	100.0%	
Last Status Event	2441	3	99.9%	
Status Date	2441	22	99.1%	
No Address	2441	5	99.8%	
No Postcode	2441	9	99.6%	
Address (All)	2441	60	97.5%	
Postcode (All)	2441	63	97.4%	
Members with a Fail	2441	31	98.7%	
Members with Multiple Fails	2441	60	97.5%	

04 Membership

Quarter 3 2022 - 2023

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old-FPS	0	-	59	-	0	▼	111	▲	2	▼
New-NFPS	1	-	227	▼	51	-	3	-	0	-
CARE - 2015	649	▲	254	▲	16	▲	2	-	0	-
Total	650	▲	540	▲	67	▼	116	▲	2	▼

Quarter 2 2022 - 2023

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - PPS	0	-	59	-	719	▼	110	▼	3	-
New - NPPS	1	▼	229	▲	51	▲	3	-	0	-
CARE - 2015	637	▲	243	▲	13	▲	2	-	0	-
Total	638	▲	531	▲	783	▲	115	▼	3	-

Quarter 1 2022 - 2023

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - PPS	0	▼	59	▲	720	▲	112	▲	3	-
New - NPPS	3	▼	228	▲	48	▲	3	-	0	-
CARE - 2015	612	▼	234	▲	10	▲	2	-	0	-
Total	615	▼	521	▲	778	▲	117	▲	3	-

Previous Quarter 4

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - PPS	9	▼	57	▼	718	▲	110	▲	3	-
New - NPPS	9	▼	224	-	46	▲	3	-	0	-
CARE - 2015	622	▼	215	▲	9	-	2	-	0	-
Total	640	-	496	-	773	-	115	-	3	-

Quarter 3 2021 - 2022

Scheme	Actives		Deferred		Pensioner		Widow		Dependant	
Old - FPS	11	▼	58	▼	715	▲	109	▼	3	▼
New - NFPS	10	▼	224	▼	44	▲	3	-	0	-
CARE - 2015	635	▼	203	▼	9	-	2	-	0	-
Total	656	▼	485	▼	768	▲	114	▼	3	▼

05 Completed Cases Overview

2022/23

Cheshire Fire	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
April	35	29	6	83%
May	67	51	16	76%
June	43	36	7	84%
Quarter 1	145	116	29	80%
July	42	37	5	88%
August	38	37	1	97%
September	41	37	4	90%
Quarter 2	121	111	10	92%
October	91	90	1	99%
November	66	62	4	94%
December	57	54	3	95%
Quarter 3	214	206	8	96%
January				
February				
March				
Quarter 4				
Year - Total	480	433	47	90%

With reference to quarter 3 there were eight cases that fell below the agreed target. A total of 214 cases were dealt with, which gives a KPI adherence of 96%. This is an improvement on the first two quarters of the year which were 80% and 92% respectively. After a period of recruitment, we now continue to focus on training. We will monitor ongoing results and hope to report increased KPIs in quarter 4.

Further details of the cases that were late for quarter 3 are below.:

Month	Area	Detail
October	Deferred	Deferment of membership period for member who had periods of WT, retained and modified retained membership. Calculations were done and checked by experienced colleagues due to nature of membership and did take longer than normal timeframes. No impact on payment.
November	Estimates	Three estimates which were calculated outside normal timeframes. One of these required a split pension calculation to be done. No impact on payment.
	Pension Options	Retirement options for a member were calculated but not checked within the usual timeframe and were sent a few days

		late. There were complicating factors within the pay calculation. Options were sent more than two months before retirement date No impact on payment.
December	Estimates	Two estimates which were calculated outside normal timeframes. No impact on payment.
	Deferred	Deferment of membership for a 2015 member was processed but letter to the member was issued outside of normal timeframes.

06 Completed Cases by Month

October 2022

Cheshire Fire

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	5	4	80
Divorce Cases	30	100	0	0	0
Estimates	10	100	4	4	100
General	10	100	15	15	100
Processing new entrants	10	90	45	45	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	0	0	0
Retirement Options	10	100	1	1	100
Transfers – in (Calculation)	10	90	3	3	100
Transfers – in (Payment received)	10	90	0	0	0
Transfers – Out (Calculation)	10	100	2	2	100
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	15	15	100

November 2022

Cheshire Fire

Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	1	1	100
Deferred Benefits	10	90	4	4	100
Divorce Cases	30	100	0	0	0
Estimates	10	100	7	4	57
General	10	100	19	19	100
Processing new entrants	10	90	3	3	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	2	2	100
Retirement Options	10	100	5	4	80
Transfers – in (Calculation)	10	90	3	3	100
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	2	2	100
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	19	19	100

December 2022

Cheshire Fire

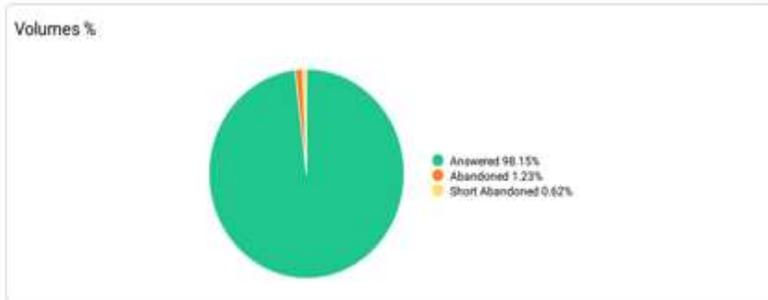
Service	Days	Minimum Target	Cases	Within Target	Actual Performance
Death in Service	5	100	0	0	0
Death of a pensioner	5	100	0	0	0
Deferred Benefits	10	90	7	6	86
Divorce Cases	30	100	3	3	100
Estimates	10	100	4	2	50
General	10	100	9	9	100
Processing new entrants	10	90	1	1	100
Refunds	10	100	0	0	0
Retirement Actual	10	100	4	4	100
Retirement Options	10	100	2	2	100
Transfers – in (Calculation)	10	90	2	2	100
Transfers – in (Payment received)	10	90	1	1	100
Transfers – Out (Calculation)	10	100	1	1	100
Transfers – Out (Payment)	10	100	0	0	0
Variations	10	90	23	23	100

07 Complaints

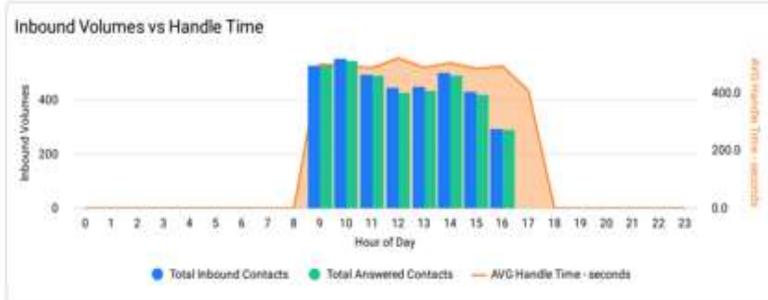
Full Name	Description	Date received	Date completed	Comment
Nil return				

08 Telephony

October 2022



3,729 Total Inbound Contacts	3,660 Answered Contacts
46 Abandoned Contacts	23 Short Abandoned Contacts
0 Missed Contacts	0 Voicemail Contacts
0:08:15 Inbound AVG Handle Time	0:04:22 Inbound AVG Talk Time
0:02:23 Inbound AVG After Call Work	0:08:34 Inbound AVG Duration
0:02:27 Inbound AVG Hold Time	0:00:04 AVG Ring Time

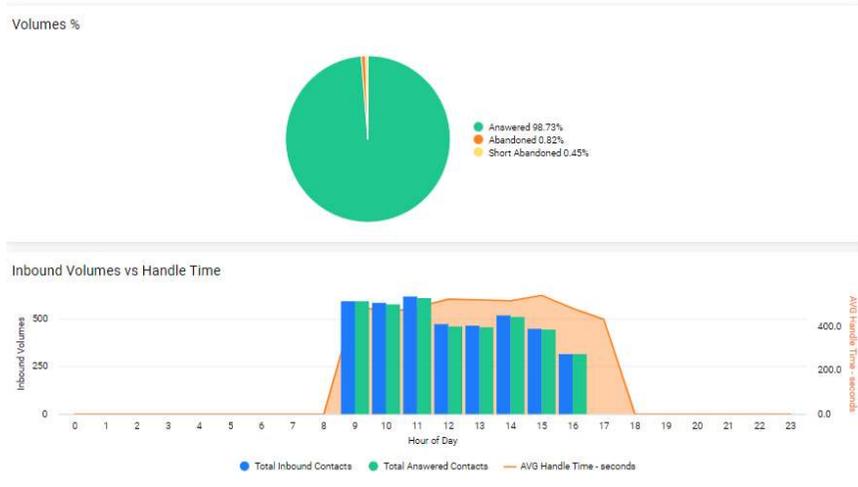


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Answered 98.15%
Abandoned 1.23%
Short Abandoned* 0.62%

*this is when the member abandons the call during the initial welcome message

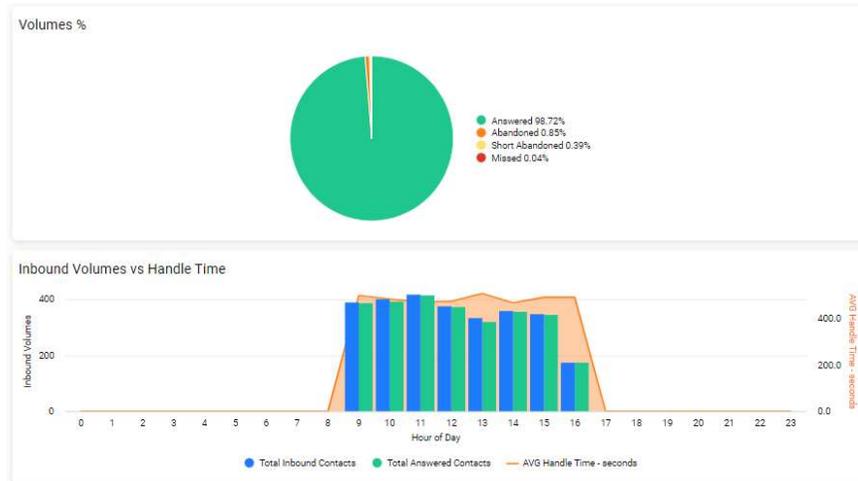
November 2022



4,023 Total Inbound Contacts	3,972 Answered Contacts
33 Abandoned Contacts	18 Short Abandoned Contacts
0 Missed Contacts	0 Voicemail Contacts
0:08:22 Inbound AVG Handle Time	0:04:40 Inbound AVG Talk Time
0:02:13 Inbound AVG After Call Work	0:08:44 Inbound AVG Duration
0:03:03 Inbound AVG Hold Time	0:00:05 AVG Ring Time

Answered 98.73%
 Abandoned 0.84%
 Short Abandoned* 0.45%
 *this is when the member abandons the call during the initial welcome message

December 2022



2,819 Total Inbound Contacts	2,783 Answered Contacts
24 Abandoned Contacts	11 Short Abandoned Contacts
1 Missed Contacts	0 Voicemail Contacts
0:08:04 Inbound AVG Handle Time	0:04:37 Inbound AVG Talk Time
0:02:06 Inbound AVG After Call Work	0:08:23 Inbound AVG Duration
0:03:05 Inbound AVG Hold Time	0:00:05 AVG Ring Time

Answered 98.72%
 Abandoned 0.85%
 Short Abandoned* 0.39%
 *this is when the member abandons the call during the initial welcome message

Average Handling Time - the average amount of time it takes for a contact to be handled. This includes talk time, hold time and after-call work (ACW): it starts when the user answers the call until the moment the user ends the after-call work status.

Average Talk Time - the average amount of time the user has spent talking to a member, not including Hold or ACW

Average Duration - The average amount of time it takes for a call to be handled from when the ring time commences, not including ACW



Graeme Hall
Operation Manager
01642 030643

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CHESHIRE FIRE AUTHORITY

MEETING OF: LOCAL PENSION BOARD – FIREFIGHTERS PENSION SCHEME
DATE: 29 MARCH 2023
REPORT OF: PENSION SCHEME MANAGER
AUTHOR: JILL SWIFT

SUBJECT: FIREFIGHTER PENSION SCHEME UPDATE

Purpose of Report

1. The purpose of this report is to provide the Local Pension Board with an update on current issues relating to the Firefighters' Pension Scheme and the local governance arrangements in place to ensure effective administration of services.

Information

Membership Statistics

2. Current membership statistics are detailed in Appendix A. There are currently no significant changes in membership.

FPS Bulletin – Actions Arising

3. **FPS Bulletin 63 – Age Discrimination Remedy – Ill Health Reassessment**

In October 2023, service for members between April 2015 and March 2022 will be 'rolled back' into their legacy scheme, which is either the 1992 or 2006 scheme. As the criteria used to assess ill health varies slightly from scheme to scheme, rollback may result in the member qualifying for alternative ill health benefits. Therefore, it will be necessary to re-assess certain ill health cases to ascertain which criteria they meet, or do not meet, in each scheme.

Cheshire Fire and Rescue Service (CFRS) have identified 7 cases that need to be re-assessed. Letters will be sent to these members in the coming months, with a view to having all re-assessments completed before October 2023.

4. **FPS Bulletin 63 – Consultation on The Public Services Pension Scheme (rectification of unlawful discrimination) (Tax) regulations 2023**

In November, HM Revenue and Customs (HMRC) published a technical consultation on draft tax regulations. These regulations are intended to ensure

the pensions tax framework is fit for purpose to allow administrators to implement the McCloud age discrimination remedy from October 2023.

CFRS responded to this consultation on 5 January 2023. A copy is provided at Appendix B.

5. **FPS Bulletin 66 – The Bereavement Benefits (Remedial) Order 2022**

The Local Government Association (LGA) have provided information about an amendment to the regulations which extends eligibility to Widowed Parent's Allowance and the higher rate of Bereavement Support Payment. This has retrospective effect to 30 August 2018.

The LGA have recommended that this is communicated out to pensioners. XPS are currently looking into how this message can be distributed.

McCloud – Firefighter Pension Scheme Consultation

6. On 28 February, the Home Office launched a consultation on the amendments to the pension scheme regulations to enact the second phase of the McCloud remedy. This consultation will run for 12 weeks until 23 May.
7. The consultation is seeking views on whether the draft regulations are clear, achieve policy intentions and are non-discriminatory. The topics covered are:
 - Eligibility criteria for remedy
 - How employee contributions will be adjusted
 - Ill health retirements
 - Abatement
 - How added pension, divorce cases and transfers will be remedied
 - Arrangements for survivors/dependents to make decisions
 - Contingent decisions where members would have made different financial decisions had the discrimination not taken place
 - How to deal with cases where a member has a mixture of legacy and reformed service after rollback.
 - How to implement the deferred choice underpin and immediate choice options and the associated timings for provision of statements and member elections
 - Application of interest
8. Several policy areas are still under consideration therefore it is likely that further regulatory amendments will be needed. These areas include taxation and indirect compensation. An example of indirect compensation would be where a member's pension is rolled back and, as a result, they have overpaid annual allowance or lifetime allowance and are owed compensation for the difference.

9. CFRS will be scrutinising the draft regulations in the coming weeks and will respond to the consultation by the deadline in May.

McCloud – HM Treasury Directions

10. On 19 December 2022, HM Treasury (HMT) enacted The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. These directions set out how certain powers in the primary legislation must be exercised.
11. The Directions give Services the ability to reduce or waive certain liabilities related to the correction of benefits or contributions. This includes providing the ability for members to repay contributions due in instalments, discretion on establishing a member's tax rate for tax relief, dispute procedures where a member disagrees with the tax relief given, or whether to recover contributions where it is 'uneconomic' to do so.
12. In some circumstances, members may be better off in the 2015 scheme. If a member has 2006 service, they will be due a refund of contributions when retrospective remedy commences in October 2023. The Directions give the power to delay this refund of contributions until the member makes their deferred choice at retirement. This will avoid the member incurring a liability to repay what has been refunded to them.
13. The Directions also outline the circumstances where compensation can be paid for financial losses. These include where a member has suffered a tax loss. For example, where a member might have to pay a higher Annual Allowance charge than they would have done, if they elect for 2015 scheme benefits, or a member loses a Lifetime Allowance protection because of rollback.
14. Compensation payments will not be subject to any deductions for tax or National Insurance. However, adjustments will be made to the amount, to ensure the member does not receive more in compensation than they would have received. This might be applicable in cases where a payment would have been reduced by tax relief.
15. The Directions also outline interest arrangements. These are extremely complex and different interest rates will be used in different circumstances, at different times and some types of interest will not be applied for a whole period, but for a part period. A brief overview is provided at Appendix C

16. It is anticipated that a calculator will be provided to assist Services with these calculations, and some could be built into pensions software at a later date.
17. The Directions also provide rules on what remediable service statements (RSS) should include and how long schemes have to provide those statements. It outlines that for the first year an RSS can be provided separately to the annual benefit statement, but thereafter, they should be combined.

McCloud – Data Collection Exercise

18. In preparation for the retrospective remedy exercise which commences in October 2023, the pensions team have been continuing to work on the data collection exercise to ensure XPS pensions have the necessary pay data to recalculate member’s pensions and produce remedial service statements.
19. In total, 99.5% of data has been collected, with just 3 complex cases remaining.
20. XPS pensions have provided an eligibility report detailing the members they believe are in scope. A comparison has been carried out which has resulted in additional queries. The XPS McCloud project team will be investigating these to determine if any further action is required, or whether these cases can be removed from scope.

Query Identified	Number of Cases
Transfers Out	9
Transfers In	11
Multiple Role Members	18
Mismatches	63
Previous PSP service that XPS may not be aware of	9

McCloud – Remedy Timetable

21. The schedule for ongoing legislative work to implement the McCloud remedy is provided at Appendix D. Although the timelines are tight, it is still expected that all legislation will be laid by September 2023 and will come into force on 1 October 2023.
22. Along with a legislative schedule, the LGA have provided a timeline outlining statutory dates for Services to be aware of (Appendix E). This includes the

dates for annual benefit statements, pension savings statements and remediable service statements to be provided to members. This also includes the latest possible dates that Immediate Choice (IC) members can return election forms if they wish to receive 2015 benefits. IC members are those who have already retired whose pension is still to be remedied.

23. In addition, the LGA have produced a timetable suggesting the order in which IC cases should be handled. A copy is provided at Appendix F. The proposed order ensures that the most sensitive cases are dealt with first including ill health, beneficiary or death in service cases, followed by cases which are most at detriment. This would include members who were unprotected or taper protected. The last cohort will be members who had full protection, as they are less likely to be suffering a detriment.
24. It is clear from this timeline, that the remedy implementation work will be ongoing until 2026. This work will also coincide with the Matthews remedy for on call firefighters which will run from October 2023 to March 2025.

McCloud – Immediate Detriment

25. The immediate detriment (ID) process is currently still paused, pending an update from the LGA on whether any changes to the ID Framework can be agreed with unions to mitigate the tax risks raised by the Home Office and HMT in November 2021.
26. A number of members have recently requested further information about these tax risks. There has also been significant progress on the drafting of secondary legislation since December 2022. In order to ensure members have up to date information, a general update for ID members has been drafted and will be sent out to all those in scope shortly. This will also include details of the recently agreed pay award for any retirees entitled to backpay.
27. The Service has reiterated at recent JCNP meetings that it is committed to assisting any members suffering financial hardship as a result of not being able to access their remedied pension. This will be in exceptional circumstances and reviewed on a case by case basis. The ID update will also reiterate this to members.

Pension Dashboard Programme Update

28. On 2 March 2023, the Department for Work and Pensions (DWP) announced a reset of the Pension Dashboard Programme (PDP). In their statement they confirmed that they would be unable to meet the connection deadlines that have been laid out in legislation and this timeline would need to be revised. Development of the digital architecture is extremely complex and has proved more challenging than anticipated.
29. The new timescales have not yet been confirmed. Public sector pension schemes were expected to go live by 30 September 2024. However, as

remedy work for McCloud and Matthews will still be ongoing at this time, a reset of the PDP timescales is likely to be welcomed by the sector. It will allow administrators more time to introduce the changes and there will be fewer major change projects running concurrently.

Matthews Remedy

30. The Matthews Technical Working Group are continuing to work through outstanding queries in relation to the Matthews remedy. The group recently produced a pre-work factsheet to help Services identify work which should be done before the Matthews legislation comes into force, which will be in the autumn of 2023.
31. This work involves identifying members who are in scope, gathering pay data and establishing reference pay. CFRS has already identified the members in scope and has access to pay data and reference pay information from the first options exercise.
32. The next steps will be to gather further pay data and reference pay information for the period prior to July 2000 and carry out a tracing exercise to establish up to date addresses for eligible members. It will also be necessary to establish if any cases are also in scope for the McCloud remedy or would be in scope if they joined the Modified Scheme, as additional work will be required for these members.
33. Regulations to implement the second options exercise are currently being drafted by the Home Office and will be consulted on before being laid before Parliament. This consultation period is likely to overlap with the McCloud consultation which runs from 28 Feb 2023 to 23 May 2023.

General Updates

34. Public Sector pensions increase for 2023 has been confirmed at 10.1% with effect from Monday 11 April 2023.
35. On 20 February, HM Treasury confirmed the revaluation rate for the Firefighters' Pension Scheme 2015 will be 7%. This will be applied to all pension accounts on 1 April 2023.
36. The annual event report and quarterly accounting for tax returns for quarter 3 were submitted by statutory deadlines.

The event report details a number of events which give rise to a tax charge, such as unauthorised payments for lump sums which breach the HMRC threshold. These must be reported, and any tax paid over, to HMRC each year by 31 January. Accounting for Tax returns are quarterly reports which detail any scheme pays elections made and lifetime allowance charges which have been incurred in the previous quarter.

37. In the Chancellor's autumn statement in November, it was confirmed that the State Pension triple lock would be maintained, meaning State Pension will increase in line with inflation by 10.1% from April 2023.
38. The spring budget statement on 15 March confirmed that the Government are intending to abolish the Lifetime Allowance (LTA). High earning public sector employees can be impacted by this allowance, which measures the total that someone has saved towards their pension. If a member breaches the threshold, which is currently £1,073,000, large tax charges can be incurred. This has led to some public sector workers, in particular doctors, retiring earlier than they would have done, to avoid breaching the LTA. As a result, highly qualified and experienced workers are being lost from the workforce.
39. The Government also confirmed that the Annual Allowance (AA) would increase from £40,000 and £60,000. The AA measures how much a member's pension grows each tax year. Where pension growth exceeds this allowance, a tax charge will be incurred. This increase will mean less people will breach the allowance and incur a tax charge. Typically, the AA impacts higher paying officers who have long service but can also include those who have large pay increases following a promotion.

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER**

TEL [01606] 868804

BACKGROUND PAPERS:

ITEM 5 – FIREFIGHTER PENSION SCHEME UPDATE (17 NOVEMBER 2022)

Appendix A

Membership

Scheme	Active	Deferred	Pensioner	Widow	Dependant
1992 Scheme	0	59	719	110	3
2006 Scheme	0	227	51	3	0
2015 Scheme	650	254	13	2	0
Total	650	540	783	115	3

Opted Out Members v Active Members

Scheme	Operational Staff	% of WT	% of total operational employees
Wholetime Active Members	404	96.2%	60.75%
Wholetime Opted Out	16	3.8%	2.40%
		% of On Call	% of total operational employees
On Call Active Members	219	89.4%	32.90%
On Call Opted Out	26	10.6%	3.95%
Total	665		100%

93.7% of operational employees are in a pension scheme. 6.3% are opted out.

Membership by Age and Ethnicity

Membership by Gender and Ethnicity					
	Gender		Ethnicity		
	Female	Male	BME	Not Known	White
Pension Scheme	%	%	%	%	%
2015 Scheme	10.1	89.9	2.6	2.7	94.7
Opt Out	16.6	83.3	0.0	4.8	95.2
Total In Scheme	9.5	84.2	2.4	2.6	88.7
Total Opted Out	1.0	5.3	0.0	0.3	6.0

Membership by Age					
	18-20	21-30	31-40	41-50	51+
	%	%	%	%	%
2015 Scheme	0.8	17.50	34.03	34.03	13.64
Opt Out	0.0	9.52	33.33	42.86	14.29
Total in Scheme	0.75	16.40	31.89	31.88	12.78
Total Opted Out	0.0	0.6	2.1	2.7	0.9

HM Revenue and Customs
Pensions.policy@hmrc.gov.uk

Consultation: The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023

Thank you for your consultation seeking views on the draft Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023.

Cheshire Fire and Rescue Service are the sub-scheme administrator and Scheme Manager for the Firefighters' Pension Scheme in Cheshire. Local Government Pensions for our support staff are administered separately by Cheshire Pension Fund. Our response is with particular reference to the Firefighters' Pension Scheme.

Technical support for pensions tax matters is provided by our outsourced pension administrator, XPS pensions, as well as the Local Government Association (LGA). Both organisations will be responding to this consultation and will provide their feedback and views on the technical aspects of the draft regulations.

Comments on the Regulations

1. Regulation 6 allows for a pension saving statement for the tax year 2022/23 to be provided by 6 October 2024 rather than 6 October 2023. We have a number of officers who are close to, or have already, breached their annual allowance. As a result, we feel this would present a risk for members as they would not be informed in a timely manner about their tax position for that tax year, which may impact their self-assessment.
2. Regulation 10 outlines that where a member has settled an annual allowance tax charge by lump sum, they will not be able to reverse this decision. There could be a risk that the member is not able to be in their pre-reform position, and therefore the discrimination isn't being fully removed.
3. Some regulations will have retrospective effect, but it would be welcomed if more clarity could be provided in each regulation as to whether retrospection will apply.
4. In October 2021, an immediate detriment framework was agreed between the LGA and Fire Brigades union, which was designed to provide Fire Services with a mechanism to remove the discrimination and pay out remedy to members who were eligible to retire prior to remedying legislation being finalised. It also reduced the risk of costly litigation against Services for not



Cheshire Fire & Rescue Service

removing the discrimination.

5. However, there remained a number of risks and issues around pensions tax, one of which was the fact that late payments of lump sum more than 12 months after leaving are deemed to be unauthorised payments (UAP). The framework provided that Services would compensate members for any UAP charges incurred, which could be a significant cost burden. It was indicated in the HMRC policy document published in October 2021, that the Finance Act 2022 would change these rules to make payments authorised and that it would have retrospective effect to 6 April 2022. This would have mitigated this risk.
6. It is therefore disappointing that these regulations are not fully retrospective to 6 April 2022 and that they can't apply to members in scope for immediate detriment by virtue of the fact that the scheme regulations won't be in place until 1 October 2023.
7. Reference to 'new scheme administrator' and 'legacy scheme administrator' may give rise to confusion for Fire Services, as these will be the same.
8. Amendments to reporting requirements such as the extension of deadlines for pension saving statements and being able to report on future accounting for tax returns rather than amending previous returns are welcomed. This will reduce the administrative burden on Fire Services and our respective administrators.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jill Swift', on a light blue background.

Jill Swift
HR Business Partner – Payroll and Pensions

14-15. Interest: rates and periods

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Compensation (Part 4 tax losses)



- Calculated in line with [the Taxes \(Interest Rate\) Regulations 1989](#) as if amount were overpaid tax



Amounts due from member to scheme

- NS&I Equivalent Savings Rate
- From date overpaid benefits were paid to date of payment
- From date contributions due to date of payment
- Some discretion re: start date
- Compounded daily



Amounts due from scheme to member

- On certain amounts depending on timing: rate fixed by [Judgments Act 1838](#) – currently 8%
- From ‘mid-point’ to 28 days after RSS (conts/pension)
- From date of PCLS to 28 days after RSS
- Direct financial loss
- Simple interest



Amounts due from scheme to member

- On certain amounts depending on timing: NS&I Equivalent Savings Rate
- Compensation for contributions under DC election, from date due to date of payment
- Other conts/pension/ LS more than 28 days after RSS
- Compounded

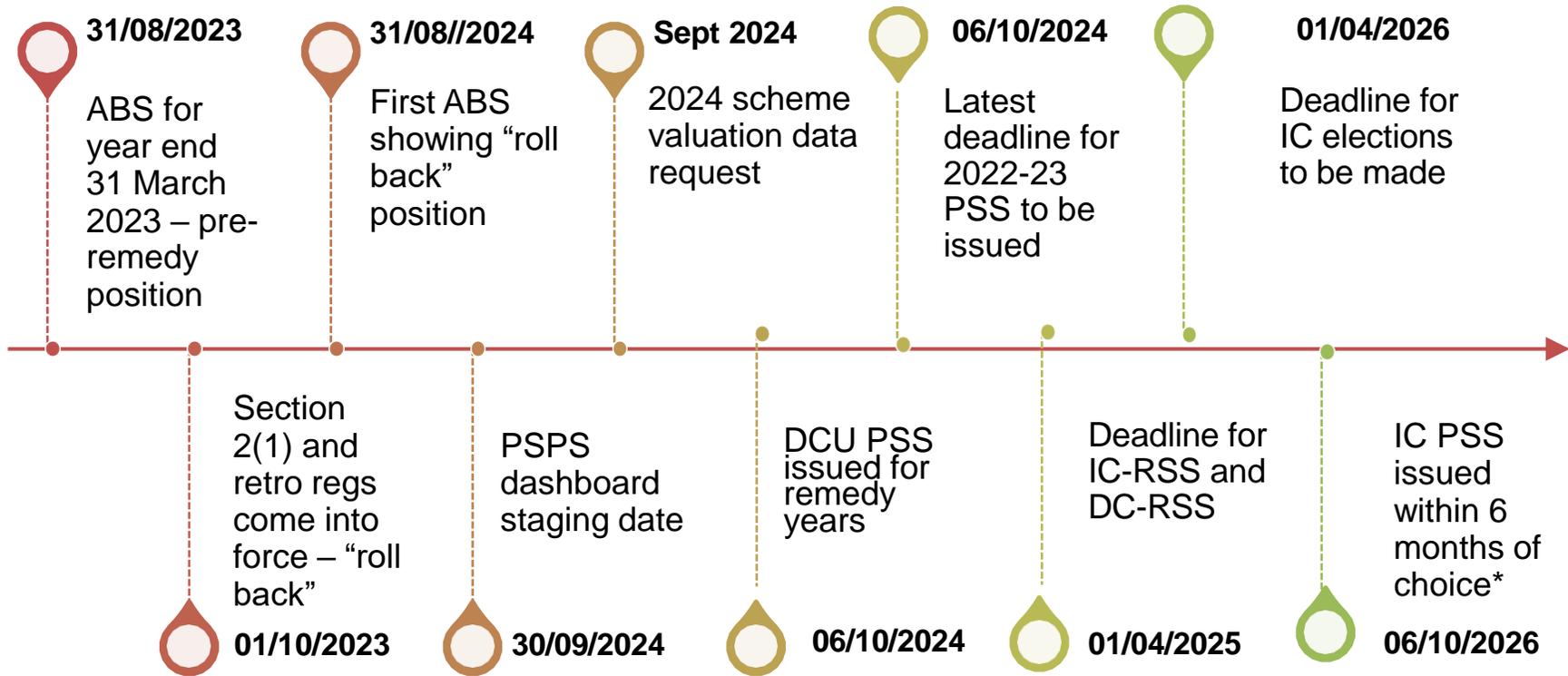
Revised Home Office timeline

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McCloud Milestone	Date
Policy Development	April 2022 – February 2023
Pre regulation drafting phase	June 2022 – February 2023
Regulation drafting phase	September 2022 – July 2023
Retrospective Consultation launch	February 2023
Consultation analysis and finalise policy	July 2023
Publish consultation response	August 2023
Parliamentary signing and laying of regulations	September 2023
Administrative implementation phase	Ongoing – 1 October 2023
Retrospective Regulations come into force	1 October 2023

Statutory dates

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* Or end of the election period (the rectification deadline)



IC cohort timetabling

October 2023 to March 2024 (Priority)

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

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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)



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

Fire Risk Scoring Matrix

Probability/ Likelihood	VH = 5	5	10	15	20	25
	H = 4	4	8	12	16	20
	M = 3	3	6	9	12	15
	L = 2	2	4	6	8	10
	VL = 1	1	2	3	4	5
		VL = 1	L = 2	M = 3	H = 4	VH = 5
	Impact					

Risk Priority

15-25	High	Significant Action Plan required
9 – 14	Medium	Action Plan required
1 – 8	Low	Risk can be tolerated

Joint Risk Scoring Guidance

IMPACT							
Impact Score	Service	Performance	Finance	Reputation	Legal	Safety	Human Rights/ Diversity
5 = Major	Major impact/disruption to critical services. Inability to deliver a number of organisational objectives.	Significant performance impact. Not achieving more than one of the organisation's performance targets	Fire – over £1m	Sustained national media coverage. External Enquiry. Removal of command team member.	Prosecution. Major claims/fines against both organisations	Multiple fatalities or multiple permanent injuries	Unjustified impact or interference.
4 = Serious	Serious impact/disruption on critical services with a noticeable impact on local communities.	Large impact on performance resulting in not achieving one of the organisation's performance targets	Fire - over £500k	Sustained adverse media coverage	Serious claims/fines against both organisations	Single fatality or severe injuries	Serious unjustified impacts or interference.
3 = Moderate	Noticeable impact on non-critical services or short term disruption.	Impact on performance resulting in difficulty achieving performance targets but where corrective action can still be taken	Fire – over £250,000	Some local adverse publicity	Significant litigation/claims. Within insurance cover.	Major injury	Some limited unjustified impact or interference.
2 = Low	Minor disruption to Service Delivery	Small impact on performance targets but can still be managed.	Fire – over £100K	Short term customer dissatisfaction	Minor claims/complaints within insurance cover	Minor or slight injury	Impact of interference manageable with existing resources
1 = Negligible	No noticeable disruption to service. Impact is easily manageable	Minimal/short term impact on performance, not to the extent where key targets are impacted.	Fire – below £5K	Manageable customer dissatisfaction	Unlikely to lead to litigation or a claim.	Unlikely to have any safety impact.	No impact on diversity/human rights

Probability Score	Detailed Description	% Chance	Relative	Frequency
5 = Very Likely	Has regularly occurred with the organisation or there are strong indications that the risk will happen in the future.	80% or more	Certain that it will happen	yearly
4 = Likely	Has previously occurred or there is a strong probability that it will happen in next 12 months within the organisation.	50% - 80%	Highly likely to occur	Every 1 to 2 years
3 = Moderate	Some indication that the risk will happen in the short to medium term.	20% - 50%	More likely not to happen than happen	Every 2 – 5 years
2 = Unlikely	Limited indication at this stage that the risk will happen.	5% - 20%	Unlikely to happen but possible	Every 5 to 20 years
1 = Remote	No indication that the risk will happen. Expected to be a rare occurrence	0% - 5%	Extremely unlikely	Every 20 years or more

Firefighter Pension Scheme Risk Register

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
Operational disaster (i.e. flood/fire)	1	3	3	↔	All records are stored electronically. Data is backed up regularly and server providers also have business continuity procedures in place. Business continuity and data security forms part of contract.	Pension Provider	Annual review	
				↔	The majority of pension documents are electronic and all personnel files have been scanned. Data is regularly backed up, can be accessed from anywhere on the network and server providers also have business continuity procedures in place. Business Continuity plan to be reviewed on a bi-annual basis.	Head of People & Development and HR Business Support Supervisor	Ongoing	
				↔	Contracts with pension provider are stored electronically and hard copy stored in Legal Dept.	Pension Scheme Manager / Pensions Manager	In line with contract dates	
Member data incomplete or inaccurate	2	3	6	↔	Members have direct access to their own data and information via online portal.	Pension Coordinator / Pension Provider	Annual	

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
					Annual reconciliation of member data to ensure accuracy and identify and resolve any gaps in conjunction with pension provider			
				↔	Annual data check of common data and any addresses found to be incorrect are investigated using a tracing agency where required	Pension Provider / HR Business Support Supervisor	Annual	
				↔	Robust payroll processes in place to ensure accuracy of data sent to pension provider	Pensions Manager / HR Business Support Supervisor	Review Annually	
Administration Failure / Maladministration	2	3	6	↔	Formal agreement in place with pension provider including SLAs. Provider presents report to the Pension Board at each meeting.	Scheme Manager/ Pensions Manager / Pension Provider	Quarterly	
				↔	Authority Levels and signatory lists clearly documented and up to date	Pensions Manager / Pension Provider	When there is a change in staff or policy	
				↔	Review Pension Providers audit reports	Scheme Manager/ Pensions Manager / Head of People & Development	Annually	

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
				↔	Close management of administration contract through quarterly contract and performance review meetings	Scheme Manager/ Pensions Manager	Quarterly	
				↔	Robust internal controls in place for both the pension provider and CFRS including: <ul style="list-style-type: none"> - Pre-checks to take place by Pension Provider and the Pensions Co-ordinator/Pensions Manager prior to final authorisation by approver (for all calculations) - Provider to have documented controls for all calculations and payments - CFRS to check agreement with all calculations for pension and lump sums and approve payment. - CFRS checks to ensure split pensions are identified and notified to the pension provider at the point of retirement 	Pensions Co-ordinator / Pension Provider / Pensions Manager	Ongoing	
				↔	Provider has a training programme in place for their staff, including Fire specific pension scheme rules	Provider	Ongoing	
				↔	Transparent and open monitoring process to ensure lessons are learned from any errors made. Monitored through quarterly performance reviews.	Scheme Manager / Pension Provider	Ongoing	

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
				↔	Ensure resilience in Pension Provider teams to mitigate the impact of loss of key staff/knowledge of Fire Pension Schemes	Pension Provider	Ongoing	
Data Forecasts and Calculations	3	3	9	↔	Robust business process in place to ensure the Administrator are provided with accurate pensionable pay and service information to enable accurate forecasts to be produced for members	Pensions Manager/ Pensions Coordinator	Annually	
				↔	Administrator to make available suitable forms and guidance to enable clear instructions to be provided by employer	Pension Provider	Ongoing	
McCloud/Sargeant Lack of resources to complete any remedy actions	4	5	20	↔	- Ensure additional budget is available for the additional internal resources that will be needed to complete any remedy actions including additional budget which may be required to pay for tasks which may need to be completed by payroll/pension providers on top of the current contract SLAs.	Scheme Manager / Head of People & Development / Head of Finance / Treasurer	Ongoing	
Cyber Security	1	4	4	↔	- Both Cheshire Fire and Rescue Service and the pension provider have access to specialist skills and knowledge to assess and manage the risk of cyber security incidents - All systems are subject to regular back ups to ensure critical data is not lost	Head of IT/ Pension Provider	Annually	

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
					<ul style="list-style-type: none"> - Robust IT policies on password, access and acceptable use along with limited access to certain websites to reduce the risk of malware attacks - Documented business continuity plans where security is breached. - Both CFRS and the pension administrator have: <ul style="list-style-type: none"> - robust system controls in place such as firewalls, anti-virus and anti-malware as well as a regular schedule of software updates. - Access to systems and data is limited to authorised personnel only 			
Loss of experienced/ knowledgeable staff	2	4	8	↔	<ul style="list-style-type: none"> - Ensure role holder has the appropriate skills, experience and qualifications - Ensure full induction and training is given to new starter to ensure they receive the necessary grounding in Firefighter Pensions - Provide access to LGA training and LGA conferences to build knowledge - Ensure ongoing support plan is in place to assist new starters to complete pension board and FPS bulletin actions 	Head of People & Development	Ongoing	

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
					<ul style="list-style-type: none"> - Provide necessary training and introduction to pension provider to enable role holder to manage contract - Ensure succession plan in place 			
<p>Failure to migrate data from unsupported legacy HR system to supported IT platform</p> <p>Historic HR data needed for pension purposes currently held on unsupported software, no longer accessible on current versions of Windows. In the event of a system failure data may be lost.</p>	3	3	9	↔	<ul style="list-style-type: none"> - Project initiated to migrate data from legacy HR system to a new solution which will ensure continued access to data which is commonly needed for historic pension queries and remedy actions for court/ET cases such as McCloud and Matthews. - Project will ensure that all data is migrated and that any data history such as job and salary changes, can be stored in an easily accessible format. - Data is available in spreadsheet format 	Head of People & Development / Pensions Manager	Ongoing	<p>March 2023 update The company engaged to review system have completed the coding work required to migrate the data, but due to staff illness, have not yet completed the final step to migrate the data.</p> <p>Data is now available in s/sheet format so risk impact has been reduced to 3.</p>
<p>Matthews remedy</p> <p>Lack of resources/data to complete remedy action</p>	4	5	20	New	<ul style="list-style-type: none"> - Additional funding has been secured for a temporary pension resource. Once more is known about the timescales for the McCloud and Matthews remedy, a plan will be put in place to recruit to this position 	Head of People & Development / Pensions Manager	Ongoing	<p>March 2023 Update A Matthews pre-work factsheet has now been released for FRAs to use to help complete as much work in advance of October 2023 as possible.</p>

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
					- Ensure data on job, salary and absences is available from legacy HR system to allow calculations to be completed			
McCloud – Remedying legislation finalised close to October 2023	5	2	10		- Monitor XPS/Heywoods via the Pension Board on progress of software updates - Resources in place at XPS to ensure volume of cases can be progressed manually if software is not ready for October 2023 - Complete pre-work where possible to speed up remedy if manual calculations are required			NEW Following feedback from Heywoods at June 2022 SAB meeting, added a new risk to monitor progress of legislation and progress of pension software updates to ensure member's pensions can be remedied as soon as possible after October 2023
Loss of Knowledgeable resource in LGA team - Current Senior pension advisor leaves in April and other main resource is on maternity leave - Recruitment may be difficult due to a lack of people in	5	3	15		- LGA responsible for recruiting resource to backfill these roles - Number of sub-committees already in place to carry on work relating to technical aspects of the scheme, communications and governance. - Advisor now in place specifically covering governance - Additional role for a communications officer is also being recruited to - Job role requires the successful candidate to have extensive	LGA	April/May 2023	NEW Following notification that the current Senior LGA Pensions Technical Advisor is leaving, a new risk as been added to monitor this until the vacancy is filled. The LGA team will be pivotal in helping FRAs implement the remedy and any reduction in knowledge or capacity within that

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
<p>the market for pension roles.</p> <ul style="list-style-type: none"> - If any new advisor does not have specific fire pensions knowledge, this may impact the level and quality of support available to FRAs. - This will be the busiest period for the McCloud and Matthews remedies, therefore LGA support will be in high demand 					knowledge of the Firefighters' Pension Scheme and McCloud/Matthews remedies.			team may impact the level of assistance that FRAs might receive.

Risk Area – FINANCIAL	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments/Updates
Excessive charges by provider	3	3	9	↑	<p>Contracts are governed by OJEU rules and are often limited to 2 years with the option to extend, meaning providers are regularly reviewed.</p> <p>Contract prices and any adhoc scenarios where additional charges may be incurred are laid out in the contract / framework terms.</p>	Scheme Manager / Head of People & Development	Term of the Contract	<p>March 2023 Update</p> <p>Information about Phase 2 software costs have now been received along with costs for XPS testing and annual licence fees from April 2023</p>

Risk Area – FINANCIAL	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
					Where additional charges are required for project work, the provider will supply a full breakdown of the charges.			
Fraud / Fraudulent behaviour	1	4	4	↔	<p>Only pension forms from authorised signatories will be accepted by the pension provider</p> <p>Pension Provider staff have documented processes and both internal and external audit procedures.</p>	Authorised Signatories/ Provider	Ongoing	
Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner	2	3	6	↔	<ul style="list-style-type: none"> - Pension provider have a technical team with specialist knowledge of the regulations and tax rules - Pension provider produce employer bulletins outlining tax rules for employers - Employer subscribes to knowledge hub and receives LGA/Home Office bulletins and circulars - Regular updates from the Scheme Advisory Board - Employer subscribes to HMRC pension tax updates - Access to professional tax advice when necessary - Pension provider submit event reports and AFT reports and manage payover of tax to HMRC 	Scheme Manager / Pension Provider	Ongoing	<p><u>March 2023 Update</u></p> <p>The annual Event Report and Q3 Accounting for Tax returns were submitted and paid over in accordance with statutory timescales in January and February 2023.</p>

Risk Area – FINANCIAL	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
McCloud Remedy Possible back claims from members negatively impacted by this case	5	5	25	↔	<ul style="list-style-type: none"> - Finance team to ensure reserves are in place for potential compensation payments and additional administration costs - Pension team to closely monitor costs using LGA provided templates 	Scheme Manager / Pensions Manager / Head of Finance	Ongoing	March 2023 Update Although the Injury to Feelings compensation hearing was vacated, negotiations are still ongoing with regards to the settlement details.

Risk Area – FUNDING	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
Failure to deduct correct contributions from pay	2	2	4	↔	<ul style="list-style-type: none"> - Monthly reconciliation of pay changes to ensure any pension related changes are applied correctly - Clear policy on application of pensionable pay rules - Bi-annual contribution band checks are completed in April when bandings change and July when pay award is applied - Automate payroll processes where possible. Where not possible, robust process should be in place for any manual workarounds 	Pensions Manager	Monthly Bi-Annually	
Failure of employer to pay contributions to the scheme	1	3	3	↔	<ul style="list-style-type: none"> - Pension deductions are accounted for by the FRA and therefore contributions are deducted directly 	Finance / Treasurer	Monthly	

Risk Area – FUNDING	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
					<ul style="list-style-type: none"> from employee pay and accounted for in the pension account. - Finance team conduct monthly reconciliation 			
Failure to manage FPS fund correctly i.e. injury pension accounting	1	3	3	↔	<ul style="list-style-type: none"> - Follow guidance provided by Fire Finance network and Home Office circulars - Training and guidance available for finance team on tax and accounting matters through LGA, CIPFA and PSTAX. - Attend Fire Finance Network meetings for guidance from colleagues in other Services. - Process in place to ensure fund is compensated in cases where abatement is not applied to the member 	Finance / Treasurer	Ongoing	
McCloud Additional pension account outgoings Ruling leading to increased costs to the pension account	5	5	25	↔	<ul style="list-style-type: none"> - Ensure the outcome of this ruling is factored in to any pension account budgeting/accounting and contingency planning is considered. - Calculate potential additional pension and lump sum payments as a result of immediate detriment and remedy to allow accurate valuation for top up grant 	Finance / Treasurer Pensions Manager	Ongoing	

Risk Area – REGULATORY & COMPLIANCE	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
Failure to interpret rules or legislation correctly	2	4	8	↔	<ul style="list-style-type: none"> - Utilise central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion - Subscribe to the LGA Knowledge hub to get regular updates and liaise with other FRAs - Access professional tax/legal advice where required - Utilise LGA/Home office bulletins and circulars - Utilise knowledge and expertise of the Pension Provider technical team - Annual training for pension board and members of the pension team - Attendance at FPS AGM - Clear documented process for decision making outlining process to be followed and the responsible parties 	Scheme Manager/ HR Business Support Supervisor/ Pension Board Members/ Pensions Manager	Review as case law arises or as new legislation comes into Force	<p><u>March 2023 Update</u></p> <p>LGA Senior Pension Advisor leaving in April. Other advisor on maternity leave. Any new team recruited may take time to get up to speed with McCloud and Matthews which may impact the level of support available to FRAs at a time when it is most needed</p>
Failure to comply with disclosure requirements or communicate with staff	3	4	12	↔	<ul style="list-style-type: none"> - Annual Benefit Statements (ABS) provided to all active scheme members in August each year - Annual Benefit Statements provided to all deferred members on an annual basis - Annual check to ensure all members have received an ABS 	Provider Provider Pensions Manager	Annual Annual Annual	

Risk Area – REGULATORY & COMPLIANCE	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments/Updates
					<ul style="list-style-type: none"> - Spot check an ABS for each pension scheme to ensure accuracy of figures - Business processes in place to ensure the relevant legal statements are issued to any staff who are contractually or auto-enrolled. - Business process in place to communicate with members whose contribution banding changes. - Dedicated Intranet page for pension related matters which includes forms, details about the scheme rules, employee guides and information about pension tax. - Any news relating to changes to pension or pension tax is communicated in the Green Bulletin or where the change impacts all staff (i.e. end of contracting out), letters will be sent to all staff 	<p>Pension Provider</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>	<p>Annual</p> <p>Ongoing</p> <p>Annual</p> <p>Ongoing</p> <p>Ongoing</p>	

McCloud – Immediate Detriment (ID) – Corporate Risk Register

Risk Area - McCloud Immediate Detriment	Likelihood	Impact	Score	Risk Impact	Control	Owner	Risk Progress
<p>Failure to remove discrimination in the workplace</p> <p>The McCloud ruling confirmed that transitional protections associated with the 2015 scheme constitute age discrimination.</p> <p>Home Office advised Services in November 2021 not to offer remedy under ID until all remedying legislation is in place, (expected October 2023) due to possible financial risks for both the Service and member.</p>	4	4	16	<p>Litigation and the potentially significant costs to defend legal claims and pay compensation and plaintiff's legal costs if unsuccessful</p> <p>Financial claims for loss and injury to feelings compensation</p> <p>Employee dis-engagement / Employee relations/welfare issues</p> <p>IDRP complaints</p> <p>Industrial relations issues</p> <p>Reputational damage</p>	<p>Assess potential costs to the pension and operating accounts for immediate detriment</p> <p>Dedicated contact in Legal Services for pension related queries and central support from Bevan Brittan</p> <p>Engagement in fortnightly national pension updates with the LGA</p> <p>Regular dialogue and communication with staff and rep bodies.</p> <p>Dedicated hub on the intranet for all updates.</p> <p>IDRP process available to staff</p>	Scheme Manager / Pensions Manager	<p>Risk 2059 – Corporate Risk Register</p> <p>Immediate detriment remains paused. Negotiations ongoing between unions and LGA on how the MoU and Framework can be adapted to mitigate the risks raised by HM Treasury and Home Office.</p>

Risk Area - McCloud Immediate Detriment	Likelihood	Impact	Score	Risk Impact	Control	Owner	Risk Progress
<p>Lack of certainty about the financial impact of ID and funding arrangements for recovery of costs</p> <p>Until remedying legislation is in place, the full scope of potential liabilities cannot yet be quantified.</p> <p>Until hearings are held later in 2022, the cost of injury to feelings claims cannot be quantified</p> <p>Home Office and HM Treasury have not confirmed whether any costs will be recoverable</p>	5	5	25	<p>Shortfall in funding to pay out increased Firefighters' pension scheme liabilities</p> <p>Shortfall in funding to pay out compensation/interest/administration costs</p> <p>Uncertainty for financial planning</p> <p>Money already earmarked may have to be redistributed. charges from the pension provider as a result.</p>	<p>Ongoing work to calculate costs for immediate detriment to assist with short-term financial planning</p> <p>Home Office providing grant for FRSs to use towards administration costs. This is currently being used to pay for additional XPS administration and software costs.</p> <p>Regular review and monitoring of costs using LGA provided templates.</p>	Scheme Manager / Pensions Manager	Risk 1006 – Strategic Risk Register
<p>McCloud/Sergeant Remedy – Continue with the Immediate Detriment Framework prior to remedying legislation being in place in October 2023.</p>	4	4	16	<p>Additional cost to the Service for any compensation, interest and administration payments which will not be recoverable from central government.</p>	<p>Ongoing work to assess potential immediate detriment costs to aid with short-term financial planning</p> <p>Legal Services involvement and legal advice through the LGA and Bevan Brittan</p>	Scheme Manager / Pensions Manager	<p>Risk 2061 – Corporate Risk Register</p> <p>Immediate detriment remains paused. Negotiations ongoing between unions and LGA on how the MoU and Framework can be adapted</p>

Risk Area - McCloud Immediate Detriment	Likelihood	Impact	Score	Risk Impact	Control	Owner	Risk Progress
<p>The MoU and ID framework was introduced in October 2021. CFRS adopted it on a case- by-case basis, but paused in November 2021 following HO advice not to proceed with ID due to potential risks.</p> <p>HO advised that funding won't be provided to Services who proceed with ID before legislation is in place. There is a lack of clarity on whether payments of pension / lump sum under the Framework can be paid from the pension account.</p>				<p>Member may lose entitlement to tax relief and receive a tax bill – which the Service may have to compensate them for</p> <p>Member's tax position may have to recalculated several times.</p> <p>Additional work for internal resources and the pension provider for recalculations</p> <p>Pension and lump sum payments not able to be paid from pension account would have to be paid from operating accounts instead.</p>	<p>Additional funding in place for a fixed term pension team resource to assist with workloads</p> <p>Home Office providing grant for FRSs to use towards administration costs.</p>		<p>to mitigate the risks raised by HM Treasury and Home Office.</p> <p>March 2023 Update Close to finalising McCloud Project document which will mean a number of additional costs including ID calculation, data collection and project management costs.</p>

