



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Tuesday, 13 August 2024 at POs Conference Room - Fire Service HQ, Sadler Road, Winsford, Cheshire CW7 2FQ at 2.00 pm

PRESENT: Councillors Nick Mannion (Chair), Lee Shears, Tony O'Dwyer and George Peers

OFFICERS: Carmine Rabhani (Pension Scheme Manager), Graeme Hall (Head of Public Sector Relations – XPS Administration), Sharon Stoker (Client Relationship Manager – XPS Administration), Jill Swift (Pay and Pensions Manager), Emily Purslow (Pensions Officer), Amy Caves (Solicitor), Stuart Guy (Employee – FBU, Observing), and Kirsty Jennings (Governance Officer)

1 APOLOGIES

None received.

2 DECLARATION OF INTERESTS

There were no declarations of interest received.

3 NOTES FROM THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME

RESOLVED: That

[1] the notes of the Local Pension Board – Firefighters' Pension Scheme held on 26th April 2024 be confirmed as a correct record.

4 XPS CHESHIRE FIRE PERFORMANCE DELIVERY REPORT QUARTER ENDING 30 JUNE 2024

Graeme Hall, Head of Public Sector Relations from XPS Administration was in attendance and presented the Cheshire Fire Performance Delivery Report Quarter ending 30th June 2024 which contained the following information:-

- Highlights
- Headlines
- Payment of lump sums
- Errors and complaints
- Member experience
- Membership
- Data quality
- Regulations and guidance
- Service Level Agreements

- Administration Team

Graeme Hall provided an update on the membership numbers, noting that the overall membership had remained relatively static over the past few quarters. However, the pensioner membership had increased from 844 to 853. XPS had continued testing the ABS-RSS process with the expectation that the statements would be issued by 31st August 2024.

The Board were provided with an update on the payment of lump sums. There was an expectation going forward to pay the lump sum on the day of retirement. The Deputy Chief Fire Officer questioned the number of lump sum payments that exceeded 7 days following retirement. Graeme Hall committed to providing the figures after the meeting.

Graeme Hall reported that one complaint had been received, which was payment related. This had since been resolved, and no further correspondence had been received.

The Board were given details of the number of Cheshire Fire members who had registered for the online member self-service portal. XPS are to check the numbers in the Table of Registered MSS Users by Age, as it showed 100% of those aged 61-65 and 0% of those aged 65+. Graeme Hall was to review the communications sent out to the retired members and consider including information with retired persons' payslips to increase portal sign-ups.

Graeme Hall advised that the HMRC Data Quality score should improve this year, as information was not sent out while the McCloud remedy was being decided.

RESOLVED: That

[1] the XPS Administration Cheshire Fire Performance Delivery Report Quarter ending 30th June 2024 be noted.

5 FIREFIGHTER PENSION SCHEME UPDATE

The Payroll and Pensions Manager presented a report that provided an overview of the current issues relating to the Firefighters' Pension Scheme, including updates on the following:-

- Membership Statistics
- FPS Bulletin – actions arising
- McCloud Remedy – Update
- McCloud Remedy – Annual Benefit Statement and Remediable Service Statements
- McCloud Remedy – Contingent Decisions
- McCloud Remedy – Compensation
- Matthews Remedy – On Call Firefighters
- Employee Contribution Rate Review

The Payroll and Pensions Manager summarised the actions arising from the FPS

Bulletins, including:

- **Compensation Guidance** had been added to the intranet and external website and details published in the green bulletin. Communications had been sent out to leavers.
- **HMRC's Remedy Tax Portal** was suspended in April 2024 due to technical issues and would not be available until September 2024 at the earliest. HMRC had provided an interim solution, which was made available on the staff intranet and external website for leavers and pensioners.
- **Amendment to McCloud Government Actuary's Department (GAD) Calculator.** Cheshire Fire submitted all GAD data to XPS pensions on 30 April 2024. Due to the change in interest rates, these calculations required revision, which XPS confirmed they would conduct on the Service's behalf.
- **Roll out of Immediate Choice-Remediable Service Statements (IC-RSS)** were delayed due to a tax issue, and communications were sent to affected individuals on 21st June. Those unprotected/taper protected members not impacted by the issue were also contacted to inform them that work could now begin on their RSSs.
- **Contingent Decision Process.** XPS agreed to provide statements to those affected by the Contingent Decision Process within six weeks of receiving all necessary data from the Service.

The Payroll and Pensions Manager provided an update on the McCloud Remedy, this included:-

- HMRC confirmed that interest would be taxed using a member's Savings Allowance rather than their normal income tax allowance.
- Regulations did not state whether interest should be calculated on the gross or net (after tax) pension arrears amount. The Home Office confirmed in May that interest should be calculated on the gross amount.
- Some members who took the maximum lump sum upon retirement under the Firefighters' Pension Scheme 1992 are facing higher taxes due to gaps in the current legislation. The Home Office planned to issue a Written Ministerial Statement to provide interim assurance for processing these cases until amending legislation is passed in early 2025 to resolve this.
- Services have categorised immediate choice members into three groups, red, amber and green. XPS were working through green and amber cases and have provided a proposed delivery plan which aims to deliver all RSSs for IC members by the end of January 2025. The aim is still to provide RSSs for unprotected and taper protected members by 30th November 2024.
- In the Firefighters' Pension Scheme the statutory deadline to provide an Annual Benefit Statement is 31st August. XPS are aiming to provide active

and deferred members in scope for the McCloud remedy with a joint ABS and RSS by the end of August.

- The LGA published a guide and claim form for members wishing to submit a contingent decision claim. CFRS reported the number of cases received to date and the current status of those claims.
- The LGA withdrew its contingent decision guidance on 23rd July due to inaccuracies about the position of 1992 wishing to re-join the pension scheme, but this guidance has now been corrected and re-issued.
- Compensation for age discrimination where a member has suffered a direct financial loss was categorised into automatic and non-automatic compensation. This compensation does not include injury to feelings, which is being dealt with through employment tribunals. Automatic compensation will be paid for any contribution adjustments where the scheme owes the member a refund. Non-automatic compensation is more difficult to define as it will depend on the circumstances of the individual claim. To date, three automatic compensation payments had been processed, and no non-automatic compensation claims had been received.

The Payroll and Pensions Manager provided an update on the Matthews Remedy for On-Call Firefighters, which included:-

- Fire services undertook a time-limited options exercise in 2014, allowing retained firefighters to backdate their pension to 1st July 2000. A new options exercise would allow members to backdate their pension contributions to their start date in the Service and capture those who missed the opportunity in 2014.
- CFRS was working through these cases, but several technical issues required Home Office consideration. Amendments to regulations may be needed to resolve these issues.
- Some pensioners would receive large back-pay payments, potentially placing them in a higher tax bracket. The LGA was working with HMRC to determine whether payments could be spread over previous tax years or whether compensation would be needed.
- 259 members were affected, and CFRS was working to implement the remedy by the statutory deadline of 31st March 2025.

The Payroll and Pensions Manager gave an update on the Employee Contribution Rate Review this included:-

- In April 2024 the employer's contribution rate for the Firefighters' Pension Scheme 2015 increased from 28.8% to 37.6%, while employee contribution rates have remained unchanged since April 2018.

- HM Treasury instructed that the target yield from employee contributions should be 13.2%. Current employee rates did not achieve this yield, and proposals to change the employee contributions rate were being considered, with changes expected by April 2025.

RESOLVED: That

[1] the Firefighter Pension Scheme update be noted.

6 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Payroll and Pensions Manager presented the Firefighter Pension Scheme Risk Register that had been reviewed and updated in July 2024. Updates since the last meeting were highlighted in blue in the document.

The Payroll and Pensions Manager provided a commentary on each of the updated risks and drew the Boards attention to 2 new risks added:-

- Matthews Remedy - Lack of certainty about the financial impact of tax issues and funding arrangements for recovery of costs. This had been given a risk score of 15.
- Manual nature of calculations and production of RSSs leading to inaccuracies, or confusing information for the member. This had been given a risk score of 10.

RESOLVED: That

[1] The Firefighter Pension Scheme Risk Register be noted.

7 MCCLOUD UPDATE

Solicitor Amy Caves informed the Board that there had been no major updates on McCloud since the last meeting. Bevan Brittain Solicitors were compiling the injury to feelings cases, and an update would be provided in November 2024.

RESOLVED: That:

[1] the update be noted.

8 JCNP PENSIONS UPDATE

The Pension Scheme Manager advised that at the meeting of the JCNP (FBU) on 24th July 2024 there were no issues raised relating to pension.

RESOLVED: That:

[1] the update be noted.

9 TRAINING AND DEVELOPMENT UPDATE

The Pension Scheme Manager advised that the LGA Annual Firefighters' Pensions AGM and reception were scheduled for 18th and 19th September 2024 in London. The Chair of the Local Pension Board and the Payroll and Pensions Manager were booked to attend.

Board Members who had not already done so were encouraged to attend the LGA Local Pension Board online training sessions. Dates would be circulated outside the meeting.

RESOLVED: That:

[1] the updated be noted.

10 AOB

The Chair noted that it was the last meeting for Tony O'Dwyer and George Peers, and expressed gratitude for their hard work over the years.