



Actions and agreements

21 March 2024

Location: 18 Smith Square, Westminster, London, SW1P 3HZ

PRESENT

Joanne Livingstone	SAB Chair
Philip Hayes	Scheme Member Representative (FRSA)
Pete Smith	Scheme Member Representative (FBU)
Andrew Scattergood	Scheme Member Representative (FBU)
Tony Curry	Scheme Member Representative (FBU)
Glyn Morgan	Scheme Member Representative (FOA)
Andrew Hopkinson	Scheme Member Representative (FLA)
Cllr Hennessey	Scheme Employer Representative (LGA)
Cllr Chard	Scheme Employer Representative (LGA) (MS Teams)
Helen Scargill	Technical Advisor
Craig Moran	First Actuarial
Mark Poulston	Legal Advisor
Claire Johnson	LGA – Senior Firefighter Pension Advisor
Tara Atkins	LGA – Firefighter Pension Advisor (minutes)
Jo Donnelly	LGA – Head of Pensions
Jamie Osowski	LGA – Fire Workforce Advisor
Tom Appleyard	Home Office
Antony Mooney	Home Office
Simon Primmer	Home Office
Brian Allan	Government Actuaries Department (GAD)
Rob Fornear	Government Actuaries Department (GAD)

Claire Hey	Heywood (MS Teams)
Tim Hill	Heywood (MS Teams)
Matthew Armitage	Heywood (MS Teams)
Richard James	Civica (MS Teams)

1. Introductions, apologies, and conflict of interest

1.1 Joanne Livingstone (JL) welcomed everyone to the meeting and confirmed that Mark Rowe, Des Prichard, James Allen, Cllr Byrom, Cllr Price, Cllr Bierderman had sent their apologies.

1.2 JL reminded members of the Board to declare if any new conflict has arisen. No conflicts were declared.

2. Actions arising (14 December 2023) and Chair's update.

2.1 JL introduced the actions from the last meeting.

2.2 Claire Johnson (CJ) then went through and confirmed that there were six actions from the last meeting and provided the current position on each action. Risk register – to include an additional risk relating to remedy information not being provided to administrators in a timely manner. This has been completed and the risk register has been republished on the [FPS Board](#) website.

2.3 Data concerns – LGA and Home Office colleagues discussed during their usual catch up, and no further action was needed.

2.4 Review of Matthews calculator – CJ to seek Board members approval for First Actuarial to review the Matthews GAD calculator. This has been completed and First Actuarial are reporting back later in the agenda.

2.5 Review of McCloud calculator – First Actuarial to report their findings from their review to GAD. This has been completed.

2.6 Training needs - CJ to share the training analysis form to Board members to complete. This was sent on 20 March 2024.

2.7 JL commented that there are useful links within the training analysis form, which can allow for Board members to assess some of the training immediately.

2.8 JL provided an update since the Boards last meeting.

2.9 Scheme Management and Administration (SMA) Committee and the Local Pension Board (LPB) Effectiveness Committee have both met. The SMA Committee discussed the content of the Administrator survey which was sent out to administrators on 5 March 2024. The LPB Effectiveness Committee approved the 'new look' LPB training and reviewed a sample of LPB agendas with the view of updating the template agenda.

2.10 JL then provided an update on the work that the Board have been doing, which included reviewing the terms of reference (ToR) of the Board. JL reflected that there is no term included within the ToR and this is something that the Board may wish to include. JL also discussed how the Board may wish to bring in more operational knowledge to include a scheme manager and NFCC representative.

2.11 JL confirmed that the intention wouldn't be to increase the size of the Board, but instead look to achieve this through natural wastage. Being mindful to the fact that there may be a political view of this change, and therefore this is still being looked into.

2.12 JL asked the Board to comment on this approach. No comments were received.

3. Home Office update

3.1 Simon Primmer (SP) provided an update as to what the Home Office have been working on.

- 3.2 SP reflected that they have been working closely with LGA colleagues on policy issues and discussions which they are very grateful for.
- 3.3 SP confirmed that they have been working with LGA colleagues to try and resolve the issue surrounding tax on interest with HM Treasury (HMT) and HMRC.
- 3.4 The regulations to update on the AWE revaluation issue and Carers Leave have been laid and comes into force from 27 April 2024. SP thanked the Board for their input into these changes.
- 3.5 SP reflected on the forecasting process and the work they have been doing.
- 3.6 Matthews Sargeant funding – limited data available so in the interim they will be collecting data with GAD for the forecasting piece to make sure that payments can continue to be made. Like with any forecasting it is important that this is as accurate as it can be. It is important that there is relevant coverage and making sure that there are no cash flow issues. Guidance will be provided for FRAs. SP thanked LGA team for their input into this.
- 3.7 The Home Office pensions team are carrying out a piece of work on planning, with regards to policy priorities, to ensure that the correct items are being covered. This will not affect any ad hoc items that come up. Once the plan has been completed this will then be shared with the Board.
- 3.8 Cllr Hennessey (NH) asked for confirmation on the timeline of this. SP confirmed that internally this will be presented in April, so is likely to be shared in May.
- 3.9 Tom Appleyard (TA) confirmed this, and that they are looking to work more efficiently within the team.
- 3.10 SP said that he is looking to put a plan on a page.
- 3.11 JL asked whether Home Office had any indications on when the tax implications will be resolved.

3.12 SP reflected that the LGA team are included in the same conversation as them. They would like to hope that this will be imminent. CJ reflected those stakeholders across the LGA, Home Office and NPCC teams have been very vocal about the need for this to be resolved.

3.13 TA confirmed that this has been raised at ministerial level as well, and he believes that the minister is aware of the importance.

3.14 JL referenced forecasting, and GADs involvement does this allow for FRAs to not provide robust forecasting.

3.15 Rob Fornear (RF) confirmed that they have been asked to look at this locally, rather than just nationally.

3.16 Anthony Mooney (AM) then provided an update on the budget cover for Home Office and cashflow for FRAs - GAD have split Matthews and Sargeant for each FRA. 80% will be paid as part of the normal top up grant. In the autumn they will then need to establish whether they need any further budget cover and Home Office will look to provide any additional top up accordingly.

Matthews – Policy proposed amendments

3.17 AM covered the Matthews – [policy amendments paper](#). A summary of the proposed changes was provided which include:

- Deceased individuals – pension payments
- Deceased individuals – survivor benefits
- Conversion options for Special Deferred members
- Individuals who joined the standard FPS 2006 and opted out prior to 1 April 2015 – unable to purchase special service during the opted-out period
- Survivor's death grant in respect of new cases on or after 31 March 2025

3.18 AM confirmed that the LGA team flagged that there were some gaps within the regulations, where the exercise did not cover all parties, but the main

stakeholders affected are deceased members, who would have received a pension before they were deceased but there is no cover for this for their dependents. There is also a gap for survivors benefits where the member would have been able to purchase pre-July 2000 service, but the regulations do not allow for a survivor's benefits.

3.19 There are some members where they would have been able to convert service, however the regulations do not allow for this for deferred members.

3.20 Survivors' death grant, where there is cover for survivors could claim after March 2025 and there would not be any provision for the benefit. The paper sets these out.

3.21 Tony Curry (TC) asked whether this has been shared with the service.

3.22 AM confirmed that they should not have received it, but it does expand on some areas which are included within the remedy.

3.23 TC raised a query which is covered by this.

3.24 CJ reflected that the sector has raised these queries with the LGA team, and the team have then raised them with Home Office.

3.25 JL asked how the process will work for consultation.

3.26 AM confirmed that once the policy position is agreed internally, then the draft amended regulations will need to be consulted on. They are looking into whether they can recommend that they are implemented before the regulations have come in.

3.27 JL asked AM why he looked so concerned about the deferred conversion and whether this is due to the complexities of the calculations.

3.28 AM confirmed that it is also about the tax implications for the different cohorts.

3.29 GAD confirmed that they would be looking to include these within the calculator.

3.30 NH asked whether we know how many cases there are that are affected.

3.31 AM confirmed that Home Office would need to work with the LGA team to identify the numbers.

3.32 CJ said that it is our understanding that there are cases across most FRAs, but they are minimal.

Employee Contributions review

3.33 RF from GAD introduced their [presentation](#) on the employee contributions review, who have been working on behalf of the Home Office. RF split the presentation into where they are with the valuation results and then the employee contribution review that is required following this.

3.34 RF confirmed that employee rates have been in place since 2015, each valuation they must forecast the income from the employee contributions and whether this is below or above the target yield. 13.2% was decided upon for the employee rate. Once the difference was identified this was then taken to HMT to ask what they want to be done, and they confirmed that they want the target yield to be met in the future.

3.35 Craig Moran (CM) from First Actuarial asked whether GAD know why the yield has drifted, if the bands were set for the scheme.

3.36 RF said that the rate was set as an average for the 3 schemes, now that there is just one scheme (FPS 2015) this has changed because you don't have the higher rate of the FPS 1992.

3.37 On the back of HMT's instructions GAD have been asked to cover what the changes may be.

3.38 RF explained that if you were to increase all rates by 0.2% which would cover the target yield, however as the bands have been fixed for the last 6 years, members earnings are already drifting away from the bottom band. It should be noted that the banding is based on full time equivalent (FTE) so

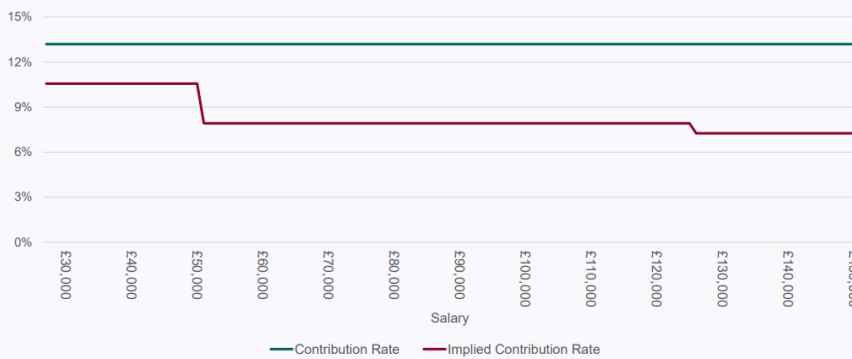
those where that information is not available, they are assumed to be within the 2nd band.

3.39 RF confirmed that if the bands were changed in isolation this would still result in having a band which is not used.

3.40 RF highlighted four areas that are being considered, Rate payable, GAPs between the different bands, band thresholds, number of bands. They all have pros and cons. GAD have worked up some examples. RF confirmed that the new rates would come into force from April 2025.

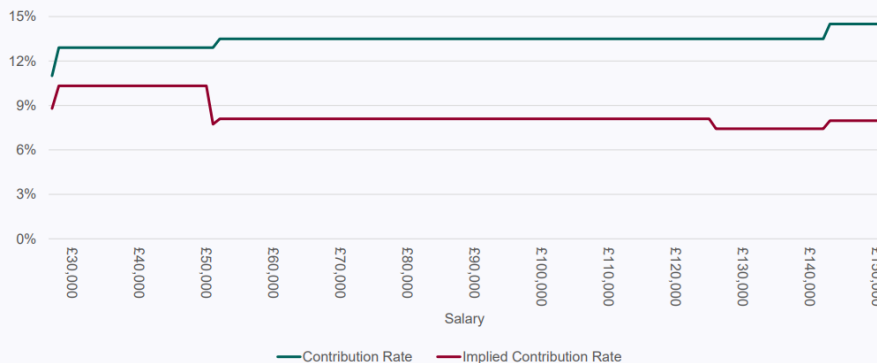
3.41 The graph shows what would happen if a single percentage was added to each band.

Why a tiered structure?



- Due to being in a higher tax band and pension contributions attracting tax relief, higher earners see the most benefit from a flat rate with take-home pay being reduced by a lower proportion.

Why a tiered structure?



- A tiered structure can be designed to somewhat level the implied contribution rate.

3.42 The current tiers, the tax relief you receive is higher. Whilst easier to implement it is not proportional between higher and lower earners in terms of tax relief.

3.43 Bumping up the lower banding needs to be the right increase, otherwise you would still see a banding which is not used. If you add in a further banding, this will bring more into the banding but would not necessarily increase the income from the contributions so would not meet the target yield.

3.44 Future proofing is important to be considered. The easiest way to do this is by increasing the bandings to follow the salary changes. You could do this either by a fixed rate or link the increase to the salary increase.

3.45 RF referenced that the paper included 5 things to consider:

Considerations

How many bands do you think will align with the current pay structures?

Are there any proposals on how to ensure the bands do not become out of date quickly?

How often should Home Office review the employee contribution bandings?

Would you like to consider current member behaviour and use this as an opportunity to increase participation?

Are there any other proposals in relation to contribution bandings SAB would like us to consider?

3.46 SP confirmed that there is no specific agenda for how the target yield is met, just that it is met.

3.47 Discussion was then opened to the board.

3.48 Phillips Hayes (PH) asked about stability of the workforce.

3.49 RF confirmed that the shape of the membership is considered assuming that when someone leaves someone joins.

- 3.50 This is used as a general assumption within the valuation, it is a necessary assumption to keep the valuation going, but they know it does not always map out like this in the real world.
- 3.51 TC agreed that it does not always work in the real world, and some positions remain vacant for a long period of time.
- 3.52 PH asked whether the yield remains throughout the valuation.
- 3.53 RF confirmed that it does, and the valuation is the only way to change the target yield.
- 3.54 RF confirmed that the total cost of the scheme less the member rate which leaves the employer costs.
- 3.55 CM confirmed that the employer rate has been set based on an employee yield of 13.2%
- 3.56 RF confirmed that members will need to pay 0.2% more.
- 3.57 The employer rate has increased significantly over the past 10 years.
- 3.58 2020 data was taken and projected forward.
- 3.59 It is being done as a percentage of salary, which means they are worth a bit more, and it is based on FTE.
- 3.60 FBU collectively referenced that pay increases have been included, but what have GAD assumed this to be.
- 3.61 RF confirmed that they include increases known to date and then the same as that used in the valuation (3.8%) for future years.
- 3.62 CM agreed that the lower band is not being used currently. It is more important to consider whether individuals that are on a lower pay are joining the scheme.

- 3.63 The banding is good, but it is about making sure that if someone gets a promotion that they are not then tipped into the next band and ends up with a lower take home pay.
- 3.64 JL referenced opt out data, and that the LGA team have collated data on this, but the data was not complete in terms of individuals providing a reason for opting out. JL then asked the Board whether there was any feedback on why people opt out.
- 3.65 FBU collectively referenced that it is more about new recruits not joining in the first place for date of joining.
- 3.66 CJ reflected on her experience at West Yorkshire, and that for some firefighters they join on a lower pay, and therefore having pension deducted reduces this further, so they do not join and then they get used to this so do not join at all.
- 3.67 FBU collectively referenced that they are starting to witness that firefighters are not joining the fire service for a full career, and they only join for a period of time e.g. 5 years and then leave.
- 3.68 Andrew Scattergood (AS) referenced that they see the same experience that they are joining to get the badge and then move on to something else. AS suggested that if we know the demographic, can we survey them as to why they do not join or stay in service.
- 3.69 Helen Scargill (HS) suggested is there a need that when a firefighter becomes competent, that they are provided with appropriate information so that they understand the other benefits of the scheme including the death benefits, injury and compensation scheme.
- 3.70 HS reflected that you could understand why trainees may not want to join, but when they become competent their pay increases.
- 3.71 CM agreed.

- 3.72 NH suggested that communicating the real financials in terms of the tax relief so that members understand the real position.
- 3.73 CJ suggested that the LGA could produce a template induction that FRAs could use to provide to their new recruits.
- 3.74 HS said that she could share what they use at WYPF **ACTION**
- 3.75 CJ also picked up on the targeted information for competent firefighters so that this can also be provided by the FRAs. **ACTION**
- 3.76 Brian Allan (BA) agreed that members do not necessarily understand the benefits of being in the scheme.
- 3.77 TC said that affordability also needs to be considered and factored into why firefighters do not join the scheme. Experience is that word of mouth is what firefighters listen to but agrees that communications when they become competent and no longer in training will be valuable.
- 3.78 HS confirmed that she believes it is really important to get the communications across in more than one way e.g. slides and visually pleasing. So even if the slides aren't presented to them, they can have explanation.
- 3.79 CM reflected on the opt out issue. However, what is being suggested regarding the change in contribution bandings may help to address this.
- 3.80 RF reflected on the discussion items at the end of the paper.
- 3.81 SP said that they are open to the suggestions, and agree that the affordability piece is important, and that we need to move with the times, and ensure that it is fit for the future. Communications are important as well. We need to be mindful though that we must meet the target yield by April 2025.
- 3.82 HS reflected that if the bottom banding only hits trainees, and they do not stay their very long, so should the banding be reflective of the salary rate. Otherwise, that banding is redundant.

- 3.83 The board discussed what they think is relevant, including who the bands cover in terms of roles, and is this intentional.
- 3.84 Pete Smith (PS) raised a political discussion with regards to if the pay increases end up being higher than the assumption rate, how will this impact the bandings.
- 3.85 PS then asked whether the bandings could be reviewed linked to the salary increase.
- 3.86 RF reflected on the fact that the contribution banding increases are set into the regulations, so you would have to change the regulations each time.
- 3.87 CM suggested that the wording within the regulations could reflect that it is increased in line with Average Weekly Earnings (AWE).
- 3.88 HS reflected that this is built into the LGPS regulations, and the wording is sufficient that each year you just increase the bandings by the appropriate increase.
- 3.89 CM confirmed this is the same in teachers.
- 3.90 Jo Donnelly (JD) confirmed that used to be the same for NHS, but then they removed it.
- 3.91 BA said that this is common within the public sector to try and make it move with the times, and if it is included sufficiently within the regulations then it makes it an easier process.
- 3.92 JL reflected that the group seem to all agree on an automatic increase to bandings being built in. Although consideration of promotions and the impact also needs to be taken. JL also reflected that the cost effectiveness committee could consider this.
- 3.93 JL asked Home Office whether this provided enough information to help move forward.

- 3.94 SP said he was happy to discuss this internally and understand what data could be collected to make the discussions meaningful.
- 3.95 CM asked if impact on membership could be included within their proposal.
- 3.96 HS reflected that where the bandings had not been increased, when they received a higher pay award this moved individuals into a higher banding, so this also needs to be considered.
- 3.97 Glyn Morgan (GM) asked whether if they looked at the pay awards that have been applied and could be applied against the bandings to allow them to be brought up to date.
- 3.98 RF agreed that this is something that could also be a consideration to bring them up to date.
- 3.99 AM asked GAD what they would like SAB to do.
- 3.100 RF asked the board provide feedback on where the lines should be drawn in terms of where they think individuals should pay more.
- 3.101 BA reflected on the overall conversation and that has been useful to understand the discussion on trainee firefighters etc.
- 3.102 AM asked GAD in relation to whether the contributions could be worked out like a tax system.
- 3.103 The board discussed whether this would be achievable for FRAs to implement. It was agreed that as tax is dealt with in this way, could this be an easy element to implement.
- 3.104 CJ asked whether the consultation would only go out to SAB or to everyone.
- 3.105 AM suggested that it could just be SAB, but this would need to be discussed internally and confirmed. **ACTION**

4. LGA update

4.1 CJ introduced her [paper](#) and provided the highlights.

4.2 The LGA are pleased to welcome a new member of staff, Sandra Sedgwick, who is coming from Cumbria.

Sargeant Implementation

4.3 CJ confirmed that the team have been working closely with Home Office and have a weekly meeting on the remedy implementation. In December the Immediate Choice Remediable Service Statements (IC-RSS) were published. In January it was identified that there were some unidentified tax implications on interest over the commercial rate. LGA discussed this with stakeholders and a decision was made to pause the roll out of implementation and production of IC-RSS. The pause was put in place on the 27 January, on the basis that this would be resolved as a priority by HMT. A response is still awaited in resolution on this.

4.4 There are complexities involved with the tax on interest issue which we have never dealt with, but from HMRC's perspective this is Business as Usual (BAU). The risk is that by paying interest over the commercial rate this could put certain payments in the bracket of an unauthorised payment.

4.5 CJ reflected on the pressure that is being put on Chief Fire Officers (CFOs) and administrators from members as to when the pause will be lifted.

4.6 CJ also reflected on the message that was sent to Board members around the three options with regards as to how to take these cases forward. The three proposed options are as follows:

Option one – Continue with the pause until full clarity has been given on all outstanding process issues and the GAD calculator is available.

4.7 Being aware that there is no set timeframe for when the GAD calculator will be available. The calculator is expected to provide consistency when calculating the tax on interest. Additionally, there are considering some

members who are owed significant sums of money. Finally, CJ confirmed that there were concerns of appeals being made to the Pensions Ombudsman, they may take a negative view of maintaining a pause.

Option two – Lift the pause, instruct administrators to pay the arrears of pension/lump sum (including 8% interest) and put the pension right going forward.

4.8 Without the GAD calculator this could cause problems with inconsistency and administrators may take a different approach to the calculations. Members may have to self-assess to deal with the tax, and the groups of members that FRAs are looking to have dealt with by March 2024 are the most vulnerable as they are already suffering from ill health. Additionally, there are still policy questions outstanding with HMRC and HMT.

Option three – Lift the pause, instruct administrators to pay the arrears of pension/lump sum and put the pension right going forward, but exclude interest on such arrears for the time being.

4.9 This option allows for the arrears of pension and lump sum to be paid and the pension to be put right going forward. The interest on arrears of pension/lump sum would be excluded until clarification from HMRC is received. Whilst there is a potential unknown tax liability, this option appears to have the limited risks associated with it.

4.10 CJ thanked Board members who responded and confirmed that those who had responded agreed with option three. LGA tested this the Technical Working Group, and the issues raised were:

4.11 Implications of having to rework the cases, which have not been factored into their remedy implementation plans and have asked whether the rework could be carried out after 31 March 2025.

4.12 Members being given the option as to whether they want to wait until the guidance has been received, or whether they take option three.

- 4.13 By doing this could there be a further tax implication, and if there is, is this fair on the member. It was suggested that FRAs may underwrite the tax burden that may arise.
- 4.14 In terms of going forward, LGA received feedback from the sector with regards to the first priority group, that very minimal cases have been processed, and therefore flexibility was applied, and the timetable has been amended for the first two groups to 30 June 2024.
- 4.15 We have been working with Home Office around the remedy compensation guidance, to include the funding and how they work through cases where compensation is payable.
- 4.16 JL thanked the LGA Fire team for holding the fort whilst the team have been a member down.
- 4.17 JL asked the board for their feedback.
- 4.18 Taking the first point, JL thought that it seems a long time to wait to put it right until after 31 March 2025.
- 4.19 HS gave an administrator's position, that they would struggle due to resource to revisit the cases as they are prioritising getting the RSS' out to those cases by the legislative deadline.
- 4.20 CJ reflected that it depends on which cohorts are processed in this way. If it is just the ill health cases, then that would be lower. If you are looking at the other cohorts, these are higher numbers, but if the position is resolved timely, they may not need revisiting.
- 4.21 CJ flagged that there is a concern over consistency between each FRA dealing with them in the same way.
- 4.22 AS reflected that they have had cases where members are severely anxious about whether they are going to receive the correct benefits when they retire. AS also agreed, that he would support option three.

- 4.23 CJ raised concerned that this could end up in the same position as Immediate Detriment where each FRA would decide to support this or not, which causes inconsistencies across the sector.
- 4.24 AH reflected their FRA would not be able to underwrite the tax liability, due to other financial pressures.
- 4.25 CJ reflected on the reputational damage to LGA and the implementation remedy.
- 4.26 CJ asked GAD where they are with the interest calculator.
- 4.27 RF said that they have an interest calculator, but they cannot finalise this until they had a definitive as to what the outcome of the tax issue is, as this impacts what figure you put in the calculator.
- 4.28 CJ reflected that HMT have a solution which should be put in writing shortly (although no timescales given).
- 4.29 RF confirmed that this is what they are waiting for to allow them to amend the calculator. They will then need to work on the calculator to amend it before it can be published.
- 4.30 HS reflected that if the answer is net, then this will double the time of processing a case as administrators will need to then identify additional information including net pay and tax codes.
- 4.31 RF confirmed that if it is net, there will need to have a lot more inputs.
- 4.32 NH asked what the difference is between net and gross.
- 4.33 HS explained this.
- 4.34 NH asked the chair whether they can write to the HMT.
- 4.35 Tom Appleyard (TA) confirmed that any lever that can be pulled will be of benefit.

- 4.36 JL confirmed that she was happy to write to HMT. This will be shared with Board members. **ACTION**
- 4.37 AS raised the concern of the unquantified risk and asked CJ about the legal aspect with regards to the powers that HMT had.
- 4.38 CJ explained that HMT directions were to pay 8% but no consideration was given about tax, and there was no direction on this. The exploratory work is about ensuring that HMT have covered everything that they have in their gift to resolve this. There are different options as to how this can be taken forward e.g. SAB or scheme managers.
- 4.39 JL suggested that it should be the scheme managers.
- 4.40 CJ said that this will be taken forward with NFCC **ACTION**
- 4.41 HS reflected that they would feel happier if they had SABs support to revisit the interest position after 31 March 2025.
- 4.42 JL and CJ discussed this and raised concerns that this probably should be a decision between scheme managers and their administrators.
- 4.43 The board agreed.
- 4.44 JL confirmed that the board would like to ensure that members are communicated with to ensure they understand what is happening.
- 4.45 FBU collectively reflected that it doesn't seem that there is an ideal solution either way, and there is a risk of future litigation. They support that HMT needs to be challenged on this.
- 4.46 JL confirmed that the letter will cover the risks and what is trying to be achieved, but without confirmation this cannot be done.
- 4.47 HS agreed and said that the timelines need to be referenced and that due to inadequacies they are shortening the timescales for administrators to complete the exercise. This in turn may mean that the timeline is breached,

and what does that mean in terms of consequences. More importantly members are affected.

4.48 CJ reflected on the priority groups and that where some are ill or are beneficiaries, that this could have a negative impact on their health.

4.49 JL asked what the realistic position of members deferring the payment.

4.50 The board then discussed this and reflected that under Immediate Detriment members choose to wait as there are too many unknowns.

4.51 The board agreed that members should be given a choice.

Matthews

4.52 CJ confirmed that data has been collected for the first quarter (1 October 2023 – 31 December 2023) of the remedy exercise, and a request will be sent for the next quarter (1 January 2024 – 31 March 2024) in March's bulletin.

Litigations

4.53 The Matthews aggregation claims have been stayed until January 2025.

2020 Valuation

4.54 The valuation results were announced in December 2023 and published to the sector within the [FPS Bulletin 76 – December 2023](#) and the employer contribution rate will increase by 8.5% to 37.6% and the funding is being provided for the first year by HMT.

5. SAB Subcommittee updates

SMA Committee

5.1 CJ ran through a [presentation](#) with the Board.

5.2 The committee met in February 2024 where they discussed concerns over the implementation of remedy, and the impact on BAU.

- 5.3 The committee thought it would be good to take a temperature check of where administrators, FRAs and software suppliers are with the implementation.
- 5.4 A survey was sent to administrators on 5 March 2024 and was broken down into areas that covered administrators, FRAs and software developments.
- 5.5 Two FRAs administer their own administration, and these were not asked to provide a response at this time.
- 5.6 Three administrators have responded, Cornwall, Oxfordshire and LPPA.
- 5.7 Cornwall and Oxfordshire reported that they recruited one extra person, and LPPA have recruited ten extra people to implement remedy. This is reflective of who many FRAs that they administer.
- 5.8 Oxfordshire reported that they are prioritising retirements and deaths BAU cases, and that they have other people working on the BAU and others working on remedy.
- 5.9 LPPA reported that they have a remedy project plan and hold regular meetings with those involved in the project. They have also recruited for additional members of staff and are engaging with clients with regards to managing BAU work.
- 5.10 The three administrators confirmed that they are looking to provide a combined ABS-RSS.
- 5.11 The areas that they raised as areas of concerns are unknown tax implications, the need for example calculations, IC-RSS timetable extension and outstanding unknowns.
- 5.12 Blockers to meeting RSS timeline were raised as software capabilities, FRA data delays and testing of the RSS templates.
- 5.13 We asked about whether there were any specific concerns over the FRAs that they administer, and the responses were overall positive.

5.14 CJ reflected on conversations that have already been had with LPPA that they are having issues with some of their clients, whereas the survey suggests otherwise.

5.15 The feedback on software suppliers was that the experience with Civica was not positive, reporting delays and the need to create own workarounds. Whereas for Heywood it was a different picture reporting good functionality, and workarounds being provided, whilst there is still functionality that is due to come i.e. ABS-RSS and load and storage of GAD outputs.

5.16 The LGA's plan is to report this back to the SMA committee, where they will be provided with more concise detail of the response, and we will look to what support can be given.

5.17 CM asked whether the lack of responses is down to people being known offenders or whether it is down to lack of time to complete it, or something else.

5.18 CJ reflected that we would like to hope that it is due to lack of time. The SMA committee are likely to want to go back to those who did not respond.

5.19 HS confirmed that WYPF have completed it, so she was not sure where it was and was chasing this for us.

5.20 NH asked whether the survey had been publicised to administrators.

5.1 HS confirmed that they contacted their clients to say that they were completing the survey and would be naming any FRAs and confirmed that this was so that LGA could provide support.

LPB Effectiveness Committee

5.2 TC provided a verbal update to the Board.

5.3 There had been some time since a meeting had taken place, so a meeting was held in January 2024, where they discussed how they could provide support to LPBs. The first thing that they looked at was obtaining additional resource for the committee.

- 5.4 One of the areas that they were looking at was to provide peer reviews of LPBs.
- 5.5 LGA had taken an action away as to what should be on the agenda.
- 5.6 It was agreed that central training would now take place, which has been put in place, with the first session on Tuesday 26 March. The training will include an update from TPR, PDP, Chair of LPB effectiveness and Chair of SAB.
- 5.7 SAB members are welcome to observe the training.
- 5.8 CJ confirmed that we would like to hold another meeting with the committee after we have had our first training session.
- 5.9 One of the training sessions will be face to face on the same day as the governance day of the Fire AGM.
- 5.10 HS referenced that she attends each of her clients LPB sessions and she tries to make them consistent with regards to what they cover and documents they should have in place.
- 5.11 JL suggested that other members of the board may want to help the chair in attending LPB meetings.
- 5.12 It was discussed whether there was a need for a regional group for LPB chairs, but no specific outcome was agreed, therefore this will be taken to the next committee meeting.

6. GAD update

- 6.1 BA provided an [update](#) on the Matthews exercise and the 2024 valuation timescales.

Matthews Project update

- 6.2 The calculator has been released in two parts, with the support of a key group of FRA stakeholders to help test the calculator, which has been helpful.

- 6.3 The data that has been collected from FRAs as to where they are with the implementation of Matthews remedy is useful, and reflective of where they expected FRAs to be, and assumed for the valuation.
- 6.4 They do not expect to receive a full picture of the data until later in the year.
- 6.5 BA reflected the cases that they expected would not be included within the calculator, but that they do not have any idea of the number of these cases.
- 6.6 GAD want to try and get as many calculations done out in the sector, rather than they all be sent back to GAD for calculating.
- 6.7 BA reflected on the coffee morning that GAD attended to discuss the calculator. They used the feedback from this to inform the number of cases.
- 6.8 It is proposed that there will be a manual process, which will be included within the user guide.

Manual cases process

Extended User guide

1. Prepare case data normally
2. Run calculator
3. Manually calculate benefits using regs
4. Adapt output using guidance

Sending cases to GAD

1. FRA: Share case data + benefit calc securely
2. GAD: Check data consistency
3. GAD: Share contributions and lump sums

- 6.9 This will allow for FRAs to be able to cover more of the cases, which include the more sensitive groups, and allows GAD to concentrate on the more complex cases.
- 6.10 FRAs will need to use the secure egress link to provide the data to GAD. It will be intended that the FRA will need to have run a calculation through the calculator to then provide this to GAD.

6.11 If GAD identify cases that come up a lot, they will look to include a manual workaround within the user guide.

6.12 JL reflected that she thinks this is a good thing that FRAs will be able to take more cases forward.

2024 valuation

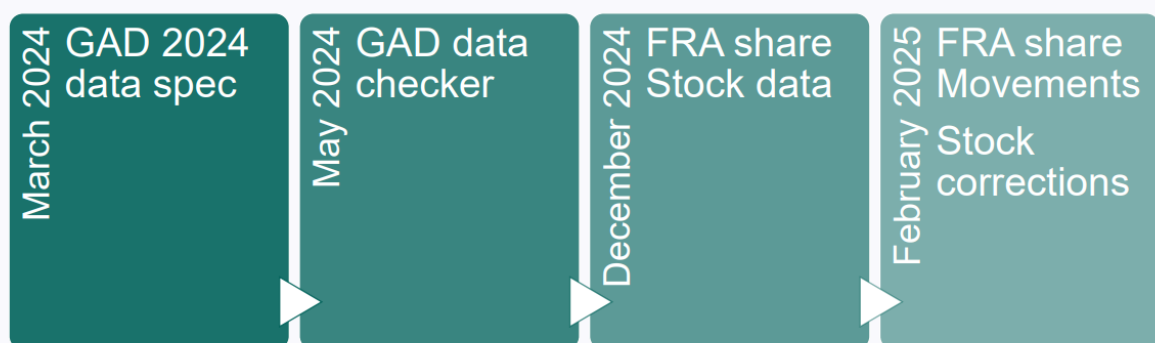
6.13 BA gave an overview of the 2022 valuation, which has already been presented to the Board and confirmed the employer rate of 37.6% coming into force on 1 April 2024.

6.14 The same process will be followed for the 2024 valuation, that the draft results would be fed back to SAB for comment before being shared with wider stakeholders.

6.15 The description of the data that is to be collected has been reviewed, with some useful feedback being provided on the specification. BA reflected that it is important that the information is provided to allow for the usability of the data by both Home Office and the Board.

6.16 BA covered the proposed timeline:

2024 scheme valuation: data collection



6.17 The deadline for collection of data is December 2024. Some of the feedback was that this date would not allow for the data to reflect remedy, and cases being completed, therefore a step has been added in February 2025 to allow

for administrators to provide an update of FRA share movements and stock corrections.

6.18 JL asked what the reference to stock data is.

6.19 BA confirmed that it is the information and in what state, and refers this against the data in 2020, movement data.

6.20 JL asked whether it is anticipated that administrators will be able to meet this deadline.

6.1 HS and CJ reflected that there was a lot of feedback on this point, and it adds additional pressure to the other things that they need to provide in the same timeframe.

7. Software supplier updates

Heywood

7.1 JL welcomed Claire Hey (CH), Tom Jones (TJ) and Jay Little (JL) from Heywood to the meeting.

7.2 CH introduced their [presentation](#) and gave an update since their report at the December meeting.

McCloud (Sargeant)

7.3 The slides provide an update to the McCloud progress overview, Phase 1 and 2 are complete. Phase 3 and 4 are approved and in development. Heywood have scheduled interim phases to increase available functionality.

7.4 There are some items that are still outstanding where guidance or confirmation of position are awaited before development can progress.

7.5 Club transfers were due to include within phase 2 but this had to be descope due to the complexity of the club memorandum.

7.6 Item outstanding from phase 3 is divorce which is due to be delivered between July and October 2024.

7.7 Items outstanding from phase 4 are divorce recalculations, deaths, annual benefit statements, deferred benefit statements and remediable service statements, which are due to be delivered between April 2024 and January 2025.

7.8 Heywood have updated their key risks and issues, to include the complexity of the Club memorandum and the tax on interest issue.

7.9 It was also noted that each time the GAD calculator is updated, a change needs to be made to the data view within Altair.

Matthews

7.10 The items outstanding in the Matthews deployment are active to retirement, active to ill health, death in service, review of individual calculations from deferred which are due to be delivered between April and July 2024. The ABS and RSS are due to be delivered in 2025.

Valuation

7.11 Heywood fed back to GAD on the valuation data specification.

7.12 The detail is mainly as expected due to having sight of the police specification.

7.13 They were concerned over the late release of the specification, with puts a risk on whether they can update the valuation extract from the system. These are due to be delivered in July for testing, which GAD have confirmed will help with some dummy data.

7.14 Feedback from clients is that schemes are still working on the data and service, but data is starting to come back, but it has been piecemeal.

7.15 JL asked about the lack of data which was described and reflected that the board are trying to get a handle on this.

7.16 CH reflected that this is taking longer than expected, especially as roll back should have taken place in October 2023.

7.17 JL asked what the proportion of Fire schemes have completed this.

7.18 TJ reflected that they have not had any that have completed this. However, they have had clients coming to them for support in processing this, and some are near to completing that.

Civica

7.19 JL introduced Richard James (RJ) and Lissa Evans (LE) and RJ went through their [presentation](#), summarising their progress to date.

McCloud

7.20 RJ provided a recap summary as to where they have got to since the last Board meeting.

7.21 Civica have been concentrating on two main areas of development:

7.22 Annual legislative updates

7.23 Working towards the ability to issue ABS and DBS RSS statements.

Activities Since Last Update

- Annual legislative updates
 - Factors
 - Year end processing
- Working towards ability to issue ABS and DBS RSS statements
 - Modified Scheme
 - Annual Allowance
 - Lifetime Allowance
 - Contributions
 - McCloud Data

Customer engagement

7.24 Civica have been providing support to their clients on the following areas:

- Continuing support re: McCloud
- Ongoing work with technical group

Valuation feedback

7.25 Civica do not see any challenges with the new extract.

7.26 They do not however cater for the second Matthews exercise and the split of CARE data, so are working to provide a resolution for this.

7.27 They will also need to update the extract reports.

7.28 They have also reported back that the timescales are tight.

7.29 LE confirmed that the rework for the CARE data could have been an issue, but now appears to work in their favour.

7.30 It is helpful that the data request has been split and allows some additional timescale.

7.31 CJ asked RJ when they are looking to deliver the data extract, as it had been feedback that it wouldn't be released until January 2025.

7.32 LE confirmed that this has been brought forward, and the anticipated delivery is now September 2024.

7.33 JL asked what the quality of data that they have been seeing is, and what manual workarounds are in place.

7.34 RJ reflected that their input stops at the delivery of the software, but that they can go back to their clients to establish the position. **ACTION**

7.35 JL suggested that this would be helpful for the manual workaround side of things as well.

7.36 JL asked the group whether they wanted to reflect on Civica's update. Their update did not include concerns over the tax implications on interest or the same areas as Heywood have reflected on.

7.37 HS confirmed that she did not think their update was incorrect, but because their clients implement the software differently, so each administrator may be at a different point in the implementation of the software. HS also confirmed that they are on a platform that is obsolete, and therefore they rely upon their IT to implement the updates. They have a lot of data, but do not have the software to implement it.

7.38 Whereas other clients will have the software implemented but do not have the data to take the cases forward.

7.39 NH suggested that the chair write to Civica.

7.40 JL suggested that we can not really take it forward until we have further responses from the survey.

7.41 HS said that she is happy to provide a picture of their cases, to help inform these discussions, but does not want to put them in a position where other administrators are not.

8. First Actuarial

Review of GAD Matthews calculator

8.1 CM talked through their [report](#).

8.2 Cm summarised that they are happy with the calculator and how it works. Their main feedback is that the outputs could be simpler or named differently.

8.3 CM took an action to feed their suggestions back to GAD **ACTION**

8.4 CJ discussed that the tax implications as we understand it do not apply in the same way for the Matthews. CJ confirmed that HMT are looking to provide confirmation of this in writing.

8.5 BA confirmed that the issue wasn't there in the first exercise.

8.6 CJ confirmed that we want to have ensured that we have done the due diligence.

2023/2024 Revaluation confirmation

8.7 CM talked through their [paper](#), including the examples of the CARE revaluation.

8.8 CM also talked through the difference in AWE revaluation and the revaluation rate set by HMRC to calculate annual allowance. The impact that this has is that less members will be affected by annual allowance.

9. AOB and date of the next meeting

9.1 The next meeting is due on 12 June, however FBU are unable to attend due a conflict with an FBU event. **ACTION** to look for an alternative date.