



Sent by email to: helen.page@hmrc.gov.uk

CC: christopher.stewart2@hmrc.gov.uk, MHCLG and HMT

19 January 2026

Dear Helen,

Matthews Remedy – Request for Urgent Clarification and Engagement

I am writing on behalf of the Scheme Advisory Board (SAB) to express our growing concern at the lack of response from HMRC to the Local Government Association (LGA) regarding the correct position on whether a spreading mechanism applies in respect of the Matthews remedy.

In June 2024, the SAB was informed that HMRC were dealing with an outstanding query on this matter. At our September 2024 meeting, the LGA reported that they had received a formal response from HMRC confirming that, as entitlement to benefits under the Matthews remedy does not arise until the member has settled their contribution deficit and met the criteria for payment (e.g. attained relevant age), there is no HMRC spreading mechanism that can be relied upon. This meant that, under HMRC regulations, any arrears of pension should be taxed in the current year.

The SAB welcomed this early clarification and were grateful for HMRC's assistance in clarifying the position so promptly. Since then, the LGA has been working closely with colleagues at MHCLG to develop a compensation framework to support members impacted by HMRC's policy. This framework is urgently needed, as there is live litigation on consequential losses of the type described above, and affected members are becoming increasingly frustrated by delays in delivering the compensation remedy.

Both MHCLG and HM Treasury have confirmed that the current hold-up is due solely to HMRC not adhering to its own stated policy. We have been made aware of at least one case where an individual affected by the Matthews remedy was allowed to spread their pension arrears and subsequently received a tax refund amounting to several thousand pounds. Despite multiple communications from the LGA, MHCLG, and HM Treasury, no progress has been made. There has been no acknowledgement from HMRC that it acted outside its policy, nor have any remedial steps been issued to address the error.

We therefore ask HMRC to give this matter immediate attention and to engage directly with the LGA, MHCLG, and HM Treasury. Specifically, we request:

- Clarification on how the escalated case will be rectified.
- Confirmation of how similar requests will be dealt with going forward, to ensure they are processed consistently and in line with HMRC policy.

The SAB considers this matter of the highest priority, given the impact on members and the wider sector. We look forward to your urgent response.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Livingstone".

Joanne Livingstone
Chair of the Firefighters' Pensions (England) Scheme Advisory Board