

Scheme Advisory Board

Agenda item 5

Meeting of the Board: 12 December 2024

LGA general update

Introduction

1. This paper provides an update to the Scheme Advisory Board on various matters relating to the FPS.
2. The paper is drafted by the secretariat in the context of their LGA officer role.

Firefighters' Pension Team staffing update

3. The LGA team are sad to let the Board know that Sandra Sedgwick will be leaving the team on 31 December 2024, to take up a new role with the finance team at Cumberland Council.
4. Sandra has been a great asset to the team, and we will be sad to see her leave.
5. At the time of writing this report we are carrying out interviews on 6 December and will provide a verbal update at the Board meeting.
6. The team remain committed to supporting both FRAs and administrators.

Sargeant – Implementation

7. The LGA remain committed to assisting both FRAs and administrators through the implementation of the Sargeant remedy, some of the work we have undertaken is detailed in paragraphs 13 to 26.
8. The LGA continue to have fortnightly implementation meetings with the Home Office. These sessions are an opportunity to review the risks associated with the project and highlight any obstacles or blockers the sector is experiencing.
9. Additionally, we meet on a weekly basis with HM Treasury (HMT) so we can keep informed of developments in the tax arena.
10. We continue to host our regular coffee mornings and have recently provided attendees with an update on contribution adjustments and Unauthorised payments process for offsetting.
11. We have also provided materials to the sector by way of interest process guidance, remediable pension saving statement factsheet for members and updated member FAQs. All scheme manager support materials are published on either the retrospective remedy or member area of the FPS regulations and

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[guidance](#) website and all member factsheets are published on the [FPS member](#) website.

12. Stakeholders are encouraged to read our monthly [FPS bulletins](#) to keep updated on all implementation developments and material.
13. We continue to keep a close eye on the overall implementation of the Sergeant? remedy and have asked all FRSs to provide us with implementation data at quarterly intervals. The table at [Appendix A](#) provides a high-level summary of the data we have asked for.

Sergeant - IC-RSS rollout

14. As highlighted in the LGA update for both the [June](#) and [September](#) meeting, we have made some significant progress in respect of IC-RSS rollout.
15. The only area which remained unresolved was in respect of cases whereby when they were originally brought into payment the member elected for a lump sum above the HMRC maximum limit and therefore became liable for an unauthorised tax charge.
16. On 19 September 2024, HMRC shared their final version of the offsetting guidance which we shared with administrators on 23 September 2024, to allow them to have sight of this as soon as possible and for them to read and digest the guidance ahead of the [roundtable discussion](#) that we held jointly with our NPCC colleagues on 3 October 2024.
17. HMRC then published their [Public Service Pensions Newsletter – September 2024](#) which included the guidance as [Appendix B](#).
18. Whilst the guidance provides administrators with the written information as to how to process this last category of cases, administrators have fed back that without meaningful examples they are struggling to follow the methodology of the calculation.
19. Administrators have also expressed a requirement for the GAD calculator to be updated to include interest calculations for the offsetting guidance.
20. In partnership with our NPCC colleagues we held a roundtable discussion on 13 November 2024 with stakeholders across police and fire to help us to engage with GAD, to set out additional questions to HMRC and HMT, establishing where any gaps are and what additional examples are needed.
21. Since this meeting Home Office have agreed to commission GAD to assist us in either providing a note to HMRC and HMT, should gaps be identified in the guidance, or to provide additional guidance to assist administrators in processing these cases.

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Sargeant - Amendment to Treasury Directions

22. As an update to our [LGA update](#) at the September meeting, HMT have shared their draft set of amendments to the Treasury Directions.
23. HMT have sought advice that the Firefighters Pensions (Remediable Service) Regulations 2023 will need to be amended with retrospective effect to allow the flexibility to collect pension overpayments net of tax and to calculate interest.
24. Home Office are seeking advice as to the process to take this forward.

Sargeant - Pension Savings Statements (PSS')

25. Following our [LGA update](#) at the September meeting we asked administrators in November what their current position was in sending out PSS' including R-PSS'. Of the 8 administrators (out of the 13) who responded, most have either completed this task, or aim to have done so by 31 January 2025. One administrator reported that they have not been able to provide a PSS due to not having the relevant data from the FRA and one because they have not been able to carry out rollback due to software issues.

Matthews – Implementation

26. The LGA remain committed to assisting FRAs through the implementation of the Matthews remedy, some of the work we have undertaken is detailed in paragraphs 26 to 38.
27. We meet with the Home Office on a fortnightly basis with the purpose of discussing all emerging implementation issues.
28. We continue to host our fortnightly [coffee mornings](#) and have recently provided attendees with a general [Matthews update](#) to cover some topics where we receive frequent questions on.
29. We also continue to provide material to the sector and have recently produced a selection of example scenarios for FRA's to follow. All current support material can be found under the second options exercise tab on our [Special Members of FPS 2006 webpage](#).
30. Stakeholders are encouraged to read our monthly [FPS bulletins](#) to keep updated on all implementation developments and material.
31. We continue to keep a close eye on the overall implementation of the Matthews remedy and have asked all FRSs to provide us with implementation data at quarterly intervals. The table at [Appendix B](#) provides a high-level summary of the data we have asked for.

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Matthews – Compensation

32. As an update to our [LGA update](#) at the September meeting we discussed the areas of compensation at the Firefighters' Technical Working Group on 25 November 2024, to allow us to take the discussions forward.

33. At the Home Office workplan coffee morning held on 26 November 2024, they confirmed that they are hoping to commence this work in the new year.

Matthews GAD calculator

34. Board members will be aware that SAB commissioned GAD in August 2023 to provide an extension of the GAD FRA calculator (developed for calculating member contributions for individuals eligible for the 2023 Matthews options exercise) to include the calculation of the benefits available to individual eligible firefighters. Specifically, service and pension amount for mandatory period and variation in pension as a result of any conversion in service.

35. Board members will also be aware that First Actuarial were asked to carry out tests on the GAD calculator to provide the Board with assurance around the useability and outputs produced by the calculator. At the March Board meeting First Actuarial provided a [report](#), which included in their Appendix B recommendations to GAD which would seek additional clarity, and where appropriate amendments to the calculator.

36. An action was taken for First Actuarial to provide these recommendations to GAD, which they did on 21 March 2024. At the point of writing this paper, these recommendations have not been implemented.

37. As FRAs commence using the calculator to provide statements to eligible firefighters' FRAs are providing feedback about the useability and functionality of the calculator. A summary of this feedback is included at [Appendix C](#).

38. To assist FRAs, some of which have limited knowledge of firefighters' pensions, we have used a lot of resource to provide additional guidance to processing cases through the calculator and to help them understand the outputs of the calculator, and where they can find the information that they need to be able to illustrate this to eligible individuals.

39. In [FPS Bulletin 87 – November 2024](#), GAD provided an update for us to publish, which stated that a new version of the calculator will be published alongside the December interest file. The update will include:

- The impact on Matthews first exercise purchased pension of a new standard to special conversion election (via the associated change in final pensionable pay)

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- Expansion of the outputs for without-commutation to include pension amount at calculation date for pensioners
- Allowing cases where deferred members accessed unreduced benefits early due to ill health
- Improvements to validations, in-calculator text and user guide (including many of those recommended by First Actuarial in their review of the calculator earlier in 2024),

Training

40. We successfully held our first induction training session with Hampshire in November. Hampshire had agreed to be our sample stakeholder for the material, to help us to ensure that it covered the areas that were needed and was pitched at the right level.
41. The training was well received, and we have received some great constructive feedback that we will apply to the material before we offer this out to the sector.
42. The complexities of the Firefighters' Pension Scheme are something that we are very mindful of, and the fact that there is a small pool of people who have this knowledge and expertise. We are therefore looking to roll this training out to FRAs, however this will be the first training we have provided, that we will be looking to charge for, to allow us to be able to resource this and cover any costs associated with it.
43. We are also excited to be looking into whether we can offer a Firefighters' Pensions qualification. With the intention of filling the gap in knowledge across the Fire Sector. We are hoping that we will be able to work with the Pensions Management Institute (PMI) to be the accrediting body, and are learning from our LGA LGPS colleagues, who have recently launched an LGPS qualification.
44. It is very early days, but we will keep the Board updated on our journey.
45. In the meantime, our LGPS colleagues offer a Level 2 Award in Pensions Essentials through Barnett Waddingham, we are looking to establish whether we can also offer places on this to the Fire sector, and are aiming to provide an update in the December bulletin.

AGM – Overview

Day one

46. Our two-day event started differently this year, as instead of the usual regional chairs meeting and technical working group meeting, we held our first new style, in person, local pension board training session.

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47. We have received mixed feedback on this in terms of what information was included and at what level the content was pitched at. This was discussed at the LPB Effectiveness Committee meeting on 18 October 2024, where it was agreed that a refresher session would be provided on 11 February 2025. The content of the full LPB training is also being reviewed to consider where there was not enough information setting the scene of what the role of an LPB member is.

48. We were very pleased to welcome 43 delegates to the first day of the AGM, some of whom had been with us for the LPB Training. The governance session was aimed at scheme managers and Local Pension Board members.

49. Following a warm welcome by Joanne Livingstone, delegates heard from Angela Bell, Industry Outreach Lead, Pensions Dashboards from the Pensions Regulator (TPR) who set out the expectations on scheme managers in their role to implement Pensions Dashboards.

50. Cliodhna Judge, Head of Supervision/Market Oversight and Hale Altunic, AR Principal/Market Oversight from TPR gave the audience an overview as to why they are interested in administrators and that their objectives are not to scrutinise but to gain a deeper understanding, identify the challenges that administrators are facing and drive the importance of collaborating to achieve higher standards in administration.

51. The final session was presented by Clair Alcock, who many of the audience would recall from her days at the LGA as the Senior Pensions Advisor, until she moved to a new role with NPCC, as Head of Police Pensions.

52. Clair shared with the audience her knowledge of being an independent LPB chair, and the importance of what the LPB can add when supporting the scheme manager in their role. Clair shared several best practice recommendations, which we have asked if she would be happy to share with the LPB Effectiveness Committee, so that we can share with other LPBs in the sector.

53. The day ended with a drinks reception, where we had the opportunity to network with new and existing colleagues of the Fire Pensions community.

54. You can [review the slides](#) from day one of the conference.

Day two

55. Day two of the event welcomed 83 delegates from across the Fire Pensions community.

56. Our first session welcomed Helen Fisher and Simon Primmer who are both Head of Police and Fire Pensions at the Home Office. They provided an overview of their workplan for the coming year, which includes two consultations to cover the Matthews policy updates, and a review of the employee contributions bandings. The audience asked them some good questions, and Helen and Simon were open and transparent in their responses.

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57. After a short refreshment break, we broke off into two workshops:

Heywood - Engaging with members in a digital world – redefining self-service.

58. Ash Threadgold, Head of Product and Sailesh Ladd, Customer Relationship Manager, lead a very interesting session on the use of AI, and how using it in the right way can increase user experience, reduce admin effort and increase member engagement.

59. Ash demonstrated their Artificial Intelligence (AI) Local Government Pension Scheme (LGPS) video Annual Benefit Statement (ABS), which really was quite clever! This illustrated how you can make a complex subject simple.

60. The audience then discussed whether this could be extended to the Firefighters ABS Remediable Service Statement (RSS) and that colleagues within Heywood have already started to discuss the development of this.

61. We also discussed where AI probably is not needed, i.e. an AI cat flap!

62. The group saw a demonstration of the Heywood 'engage', which is the next step of member self service, which they are hoping to roll out to all clients by 2026.

63. It really was an engaging thought-provoking session, and the group were left being asked what else should Heywood be looking at to develop in the future.

64. You can view [Heywood's Workshop Slides](#).

Civica – A Future Vision for Pensions

65. Richard James and Lissa Evans lead the audience in a session on how they can improve the digital service to support members over the next twenty years, setting out what Civica's future vision is with their software development.

66. Richard shared an interesting presentation on how technology has developed over the years, from our nervousness of the Furby to welcoming "Alexa" into our homes, demonstrating how quickly we have become comfortable with these modern devices. Touching on the use of AI, Richard spoke about how this may be of benefit to all of us in our work in pensions.

67. Working in groups the audience were asked to look into the future and then, feedback on how and where technology could support both the member and the service. This was thought provoking, and some interesting suggestions were shared from the use of AI to interrogate and compare data from many different systems to verbally answering pension queries.

68. The audience were keen to understand when Civica would provide self-service calculations and standalone models.

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69. Following lunch, Joanne welcomed Jane Marshall, Partner, and Head of Pensions from DAC Beachcroft, who provided a legal update covering some recent Pension Ombudsman cases, which had not necessarily been upheld but were cases where lessons can be learnt from the processes followed, particularly in the current Matthews exercise.
70. Craig Moran, and James Allen from First Actuarial were then welcomed to the stage, where they gave a session on the run up to the Firefighters Pensions 2024 Scheme valuation. They took a complicated subject and made it straight forward and finished their session with some 'Higher or Lower' engagement from the audience. (We were just missing Bruce Forsyth!).
71. The audience then heard from a panel on Pensions Dashboards, we had an update from Joe Stacey, Senior Engagement Manager at the Pensions Dashboards Programme (PDP), on where they are in the project, followed by Jo Eldridge, who set out the expectations from TPR in the implementation.
72. The audience were then engaged with John Dale, Pensions Dashboard Lead at Heywood, who provided a demonstration on the setting and testing of matching rules. This gave the audience some visual tools to bring the project to life.
73. Adam Gifford from the Money and Pensions Service, then really brought the project to life, by providing a demonstration on what the Money and Pensions Service Pensions Dashboard may look like.
74. The audience asked some good questions of Adam in particular expressing concerns about how Firefighter pensions would be shown as part of the wider pension amounts at different retirement ages.
75. A coffee morning was held on 7 November 2024, where Adam Gifford attended to hear feedback from the fire sector on what they felt should be included within the Pensions Dashboard. Heywood have since offered to show them what their current online portal offering is for the fire sector.
76. We are pleased that Adam will be joining us at the March SAB meeting to provide an updated demonstration of the dashboard.
77. The afternoon continued, hearing from Colin Dobbie, Senior Consultant and Actuary from Isio, where he led a session on 'the Problem with People and Pensions'. This session demonstrated to the audience, how we think, why we find it difficult to engage with financial decisions and what we can do about it.
78. Colin explored a series of areas including the cognitive biases and the bandwagon effect, which we often see amongst firefighters', particularly when looking at Sargeant remedy. It was a great session and was thought provoking.
79. This was followed by a session from Ben Harris, Partner at Aon, where he covered two case studies that included tracing and paying ex members, very

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similar to the Matthews exercise, and giving some food for thought as to how FRAs could utilise third party services to help them. The second case study reflected on the workshops held earlier, with regards to how member self-service can help towards solving the capacity crunch.

80. Joanne closed the AGM by thanking all the delegates for attending, and more importantly engaging in the thought-provoking sessions over the conference and wished everyone a safe trip home.
81. The initial feedback we have received is that the variety of speakers were good. There are some lessons to be learnt however from the overlap of speakers from the two days, and this will be considered for the planning of the event for 2025.
82. The proposed dates for the 2025 AGM are 10 and 11 September 2025. This is however subject to sign off by the Board, which is usually carried out in the June meeting.
83. You can [review the slides](#) from Day two of the conference.

Board actions

84. Board members are asked to note the update.

Acting Board Secretary (Tara Atkins)
December 2024

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Appendix A

Sargeant Remediable Service Statement (RSS) Production

RSS Variation		Month
		Oct 2024
Estimates		
How many BAU estimates were provided to members (not immediate retirements) (DC-RSS)		61 ¹
How many of those were provided within your SLA		25
Retirements		
How many actual retirements did you complete in the month		39 ²
How many of those were completed within your SLA		32
How many lump sums were paid within your SLA		32
How many retirement options (retirement quote) were provided to members DC-RSS (1 member = 1 quote)		32
How many of the retirement options were provided in each of the ranges: -	More than 10 days after retirement date	2
	6 to 10 days after retirement date	0
	0 to 5 days after retirement date	2
	1 to 5 days before retirement date	4
	6 to 10 days before retirement date	3
	11 to 15 days before retirement date	4
	16 days to one month before retirement date	8
	One to two months before retirement date	9
	More than two months before retirement date	0

RSS Description	
DC-RSS	
Immediate Deferred Choice RSS (BAU retirements from 01/09/2023)	32
Deferred Choice RSS (BAU estimates)	61
IC-RSS	
Immediate Choice RSS (III Health Pensioner members up to 30/09/2023)	2
Immediate Choice RSS (Beneficiary members up to 30/09/2023)	0
Immediate Choice RSS (Tapered pensioner (Not IH or deceased) members up to 30/09/2023)	4
Immediate Choice RSS (Unprotected pensioner (Not IH or deceased) members up to 30/09/2023)	0
Immediate Choice RSS (Protected pensioner (Not IH or deceased) members up to 30/09/2023)	43
ABS-RSS	
Deferred Choice Actives ABS/RSS (BAU Annual Benefit Statements for Active members)	0
Deferred Choice Deferred ABS/RSS (BAU Annual Benefit Statements for Deferred members)	0
CD-RSS	
Contingent Decision RSS - Opted Out Service (Contingent Decision Opted Out Service)	0
Contingent Decision RSS - Additional Service (Contingent Decision Additional Service)	1

¹ 18 of the 61 were not controlled through an SLA as they are an inhouse provider.

² 6 of the 39 were not controlled through an SLA as they are an inhouse provider.

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Appendix B

Matthews implementation data

	31 December 2023	31 March 2024	30 June 2024	30 September 2024
Total number of cases identified with address on record	14446	9196	14436	13040
Total number of cases identified with no address on record	2149	1421	1381	1342
Total number of cases which have been sent an expression of interest	12960	9430	14827	13345
Total number of expressions of interest received	3107	3396	6732	6912
Total number of cases that will need a referral to GAD	249	35	248	74
Total number of statements issued	0	130	990	3053
Number of cases sent to the administrator	0	24	139	914

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Appendix C

Summary of feedback on the Matthews GAD calculator

Several FRA teams who are working on this exercise using the calculator have little or no pension knowledge or experience and were not around for the Matthews 1 exercise in 2014/15.

The Matthews GAD calculator (2023) is an extension to the one developed for the Matthews 2014/15 exercise and has been designed to include calculation of the benefits available to individual eligible firefighters under the Matthews 2023 options exercise. Specifically, service and pension amount for mandatory period and variation in pension as result of any conversion of service.

FRAs are now using the calculator to provide statements to eligible firefighters. The feedback about the useability and functionality is summarised below -

Inputs – individual cases

The service and pay details that are input manually has improved with only the relevant years showing. The input questions are relatively clear and where applicable, offer a 'yes' or 'no' answer which then opens the relevant input fields for the next section.

Some of the terminology is confusing and it would have been helpful if this had been addressed on both on the calculator and within the guide.

The main issue for FRA's inputting information, is that you can only run the calculation based on one scenario therefore, you have to re-run the calculator multiple times, for example you have to run converting from 'standard to special' and then clear the information and start again for 'special to standard' and then for 'no conversion'. This is required for the FRA's to produce the information statement for the member. The FRA will need to supply all information for the member to make an informed decision.

There are approximately 15,000 individuals eligible for this second exercise therefore, processing the information several times over is proving to be an onerous task for FRA's with limited resources.

Outputs

As mentioned above, it would have been much more effective if the calculator could have produced all alternative options in one output. This would have reduced running cases through the calculator multiple times.

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FRA's to have a breakdown of the total pension by basic pension and pensions increase (that has been applied to any totals) to reduce the risk of potentially applying pensions increase again.

The output section of the calculator produces a lot of detailed information. FRAs have found this quite confusing when trying to identify which outputs are required for the member information statement. Many FRA's have commented it would have been useful to have a section in the calculator which could be extracted and sent to the member detailing the amounts payable and the service they would purchase etc. Therefore, reducing the duplication of work and the risk of incorrect figures being sent to the member.

FRA's are unable to check the figures the calculator has produced. Those FRAs with no or little experience in pensions and Matthews are finding it difficult answering questions when a member queries service, costs, pensions etc. Therefore, it would have been useful if the calculator were able to provide a breakdown of how the service, pension, contributions, interest, periodic payments etc are arrived at in case the member queries their figures.

Bulk Interface – multiple cases

Inputs

The bulk interface is useful for FRA's to process different scenarios without having to run multiple calculations, however it can be confusing understanding the fields needing to be populated as all fields are shown.

It is, however, particularly useful for FRA's to be able to input the data into the bulk calculator and produce both bulk calculations and individual calculations. Running an individual calculation from the bulk interface does make it easier to see where potential errors are as the bulk error report does not really provide enough information and if there are multiple records under a National Insurance number, it is hard to identify which record the error is on.

Outputs

The bulk output shows all output fields and only the relevant outputs have figures in them. Difficulties arise when FRAs are populating the member information statements as they are unclear which fields they need to extract.