

# Matthews (2023 options exercise)



# Matthews - legislative timeline

1 July 2000 [The Part-time Workers \(Prevention of Less Favourable Treatment\) Regulations 2000](#)

1 April 2014 [The Firefighters' Pension Scheme \(England\) \(Amendment\) Order 2014](#)

7 November 2018 [Obrien v Ministry of Justice](#)

9 March 2022 [MoU](#) agreed by all parties

1 October 2023 [The Firefighters' Pension Schemes \(England\) \(Amendment\) Order 2023](#)

# Matthews Regulations

Pre-consultation engagement with SAB and Matthews TWG

Consultation sought responses on the regulations needed to provide further remedy to people employed as retained firefighters between 7 April 2000 and 5 April 2006.

[Consultation document](#) set out policy positions and draft Statutory Instrument

Consultation closed on 9 June. [Consultation response](#) published 8 September 2023

[The Firefighter Pension Schemes \(England\) \(Amendment\) order 2023](#) were laid on 8 September 2023 and are effective from 1 October 2023.

# Aim of the remedy

Correct legislative implementation date

- Originally identified as 1 July 2000
- Should have been 7 April 2000

Removal of backstop date

- Allowing eligible individuals to buy back to the beginning of their continuous retained employment

Allowance for those who were not provided with a 'reasonable opportunity' to join under the first exercise

# 2023 options exercise – in scope



7 April 2000 – 30  
June 2000 **only**



7 April 2000 – 30  
June 2000  
**plus** 1 July 2000 –  
5 April 2006



1 July 2000 – 5  
April 2006 **only and**  
not given 2014  
option



# 2023 options exercise – entitlement #1

## Cohort 1. Some or all of...

- Service between 7 April 2000 and 30 June 2000
- Continuous service up to 7 April 2000 (no limit on backdating)

## Cohort 2. Some or all of...

- Service between 7 April 2000 and 5 April 2006
- Continuous service up to 7 April 2000 (no limit on backdating)
- Continuous service from 6 April 2006 to 31 March 2022 (to extent not already purchased)

## Cohort 3. Some or all of...

- Service between 1 July 2000 and 5 April 2006
- Continuous service from 6 April 2006 to 31 March 2022

# 2023 options exercise – entitlement #2

Same options to convert or transfer as given in 2014 options exercise:

- Right to request transfer value
- FPS 1992 accrued rights
- Standard to special
- Special to standard
- **2014 conversion options may be revisited**

# Which came first?



## Matthews to be address in first instance

- Matthews remedy will deal with an individual's service up to and including 31 March 2015.
- Sargeant remedy deals with service accrued between 1 April 2015 and 31 March 2022 inclusive.
- Special provision for contingent decision for those not in a scheme on 1 April 2015.



# Timetabling

**1 October 2023**



**31 March 2025**



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# Indicative Timetable

Using reasonable endeavours, FRAs are to contact persons in scope within **3 months** – Disclosure requirement

Within **3 months** of an individual expressing an interest the FRA is to provide statement of service and cost

Person to make election within **6 months**

# Reasonable endeavours

Social  
media

Tracing  
services

NARF

Local  
newspapers

Trade  
unions

## Extra flexibility

(14) Where a person did not receive a notification from the authority under rule [5B\(8\)](#) of this Part, **despite** the authority using reasonable endeavours to notify eligible persons as required by that paragraph, an election under paragraph (1) may take effect after 31st March 2025.”.

# Historic pay and service data



Equity is needed between the first options exercise (2014) and the second options exercise (2023)

New regulation [5C \(Part 11\)](#) - Purchase of service during the extended limited period  
– supplemental provision

# Assumptions - service

The start date must be evidenced in some way by the FRA i.e. payroll or HR records would be needed.



A member can challenge this should they be able to provide robust evidence i.e. pay slip, P60 or contract of employment.



No evidence, either from the perspective of the FRA or member = no entitlement.

# Service rules for first options exercise

## Part 11 Rule 5A(8):

“Where an authority are not able to determine the period of the person’s service during the limited period from their records, the person may provide the authority with documents to assist them to determine the person’s period of service during the limited period and the authority shall determine the period of the person’s service from those documents.”

# Assumptions - pay

FRAs are to use the same data as per the first exercise for pay from 1 July 2000 – 5 April 2006

- This is unless the pay data was completely wrong, in which case, it should be substituted with the correct data.

For cases with service pre-1 July 2000, FRAs are to use the data that they have on record (providing that they are confident that it is reliable – FRAs to justify why it isn't)

In the absence of any data for pre-1 July 2000 membership FRAs can use the central assumptions (25% WTE) or, if higher, **local assumption**.



# Pay rules for first options exercise

## Part 11 Rule 5A(9), (10), (11):

“If the FRA does not hold pay records for the limited period, they can take account of documents provided by the person. If these are not available, the FRA can determine pay on the basis of recent pay data for retained firefighters at the same station or stations as that at which the person was based for the relevant period.”

# Assumptions - rank

In the absence of data, FRAs are to assume that the individual was a FF.

The member will not be disadvantaged by this as it is a FS scheme, and any calculation will be based on total service and pay at leaving. However, it could mean that the HO receives less contributions than expected/warranted.

# Contributions

Employee contribution rates remain as those applicable for 2014 options exercise

Arrears of contributions can be paid by lump sum (within 6 months of election) or periodical contributions

- Post-30 June 2000 service – over 10 years or to date of retirement
- Pre-1 July 2000 service – over 20 years or to date of retirement

Same provisions apply if default on payments – either election revoked or service pro-rated

Employer contributions recovered through adjustment of rates following future valuation

New regulation [6D \(Part 11\)](#) - Compensation deduction

# Interest and tax relief

Interest to be calculated as for 2014 options exercise

- Additional interest for periodic contributions

Adjustment for loss of tax relief on employee contributions

- Assumed 20% marginal rate unless member provides evidence – ([Part 11, 6E](#))
- Member must declare that they will not seek tax relief from HMRC
- Correct coding of periodic contributions needed on payroll software to avoid double tax relief

# GAD Calculator

## Version one – 31 October 2023

- Cohort 1 (can buy mandatory period benefits only)
- Cohort 3 (existing M1 functionality)
- Cohort 2 who did not purchase at M1 and are not eligible to convert 2006 service

## Version two – 31 December 2023

- Cohort 2 who did not purchase at M1 and are eligible to convert 2006 serviced
- Cohort 2 who did purchase at M1
- Current firefighters earning outside of basic rate tax bands at election.

# GAD Referral cases

- Firefighters medically retired between 7 Apr 2000 – 5 April 2006 inclusive
- Revising retrospective ill-health retirement awards
- Revising retrospective ill-health retirement awards
- Earnings outside of basic rate tax bands during the extended limited period
- HMRC tax relief moratorium cases
- Opted not to pay a settlement lump sum on ceasing periodic contributions
- Conversion reversions that may lead to member contribution refunds
- Conversion reversions that may lead to reductions in total pension in payment
- Purchased modified scheme AP and who might now exceed the 30-year service cap
- Deceased firefighters

# Other resources

Supporting documentation available on [FPS regs and guidance website](#)

- Employer/employee guides
- Template letters – Expression of interest, acknowledgements, death grant etc.
- Forms – Expression of interest and death grant

Still to come.....

- Data sharing agreement
- Privacy statement wording

# Issues still outstanding

## **Aggregation**

Regarding individuals who have uninterrupted concurrent and simultaneous retained and regular service during the period 7 April 2000 and 5 April 2006 – Final position to be agreed.

## **Annual Allowance**

Government to consider any claims from individuals that have suffered financial detriment because of Annual Allowance tax charges on a case-by-case basis – Information provided in due course



# Any questions



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**Thank you for listening!**