



## **LGA Project Implementation Document for “Matthews” and the second options exercise**

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## Overview

1. Following [Matthews v Kent and Medway Towns Fire Authority & others](#), which allowed retained firefighters employed between 1 July 2000 and 5 April 2006 to join the FPS 2006 with retrospective effect to 1 July 2000, a category of members was introduced to the Firefighters' Pension Scheme 2006 (FPS 2006) known as "special members".
2. A time-limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the benefits under the FPS 1992, the FPS 2006 was amended as the FPS 1992 was closed.
3. More recently, work has again had to take place on the pensions aspect of "Matthews", following the European Court of Justice's decision in [O'Brien v Ministry of Justice](#) concerning fee paid judges in the Judicial Pension Scheme. The judgment held that remedy could extend back before the Part-time Workers Directive was required to be implemented on 7 April 2000.
4. On 9 March 2022, after an extended period of negotiations, a [Memorandum of Understanding \(MoU\)](#) was agreed between the government, the Fire Brigades Union, the Fire & Rescue Services Association, and FRA employers.
5. Remedy for retained firefighters affected by the O'Brien judgment will be provided by way of a second options exercise allowing in-scope individuals the opportunity to purchase pension entitlement as a special member of the FPS 2006.
6. More details on the scope and mechanics of the settlement are available in the [summary of "Matthews" MoU and second options exercise factsheet](#).
7. This document clarifies the project scope and deliverables to assist scheme managers in implementing the remedy.
8. The project implementation document (PID) is a living document and may be subject to amendment as the project progresses; in particular Annexes 1 and 2.

9. All resources relating to the options exercises are held on the dedicated [special members of FPS 2006 webpage](#).

## Project background and description

### **Implementation of the second options exercise to allow in-scope individuals the opportunity to purchase pension entitlement as a special member of the FPS 2006**

10. Once the Home Office legislation has been drafted and laid, FRAs will be required to carry out the second options exercise within an 18-month period. This will involve:

- 10.1. Identifying in-scope individuals.
- 10.2. Communicating with in-scope individuals.
- 10.3. Establishing entitlement to service.
- 10.4. Managing enquiries and elections.
- 10.5. Creating service records in conjunction with the scheme administrator.
- 10.6. Managing payment processes.

11. The FPS is locally administered which means that each Fire and Rescue Authority (FRA) is a [scheme manager](#), and the scheme manager is individually responsible for the administration and management of the scheme.

12. In practice, administration is generally outsourced to a third-party. However, delivery of the second options exercise to eligible individuals is the responsibility of scheme managers. For the FPS in England this means each of the 44 FRAs.

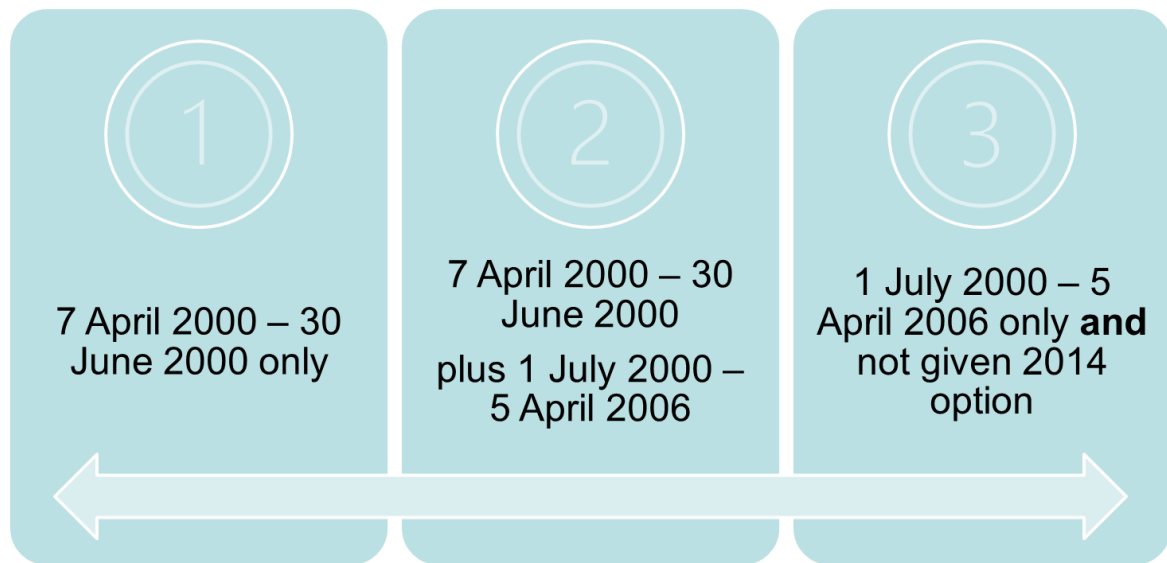
13. The FPS is well documented to be complex and challenging, and changes will be needed to the administration and management of the scheme to implement the second options exercise:

- 13.1. [Report to SAB on administration and benchmarking review](#)
- 13.2. [Paper to SAB detailing pension administration market and complexity](#)

## Project scope

### Support scheme managers in delivery of Matthews in five main areas

14. **Identify individuals in scope of Matthews remedy.** Individuals will fall into one of three cohorts below depending on their dates of employment and whether they were given opportunity to take part in the first exercise.



15. **Communicate with individuals within the required timescales.** There will be a legislative requirement to give in-scope individuals certain information at certain points. This will include, but is not limited to, an initial letter inviting expressions of interest, a statement of service and benefits which can be purchased and an election form, confirmation of the prospective benefits purchased and payment option.

16. **Determine entitlement to service and any conversion options.** There are four distinct categories of special member, and the following options are likely to be available to individuals for purchasing relevant service and converting existing scheme membership. There is a separate issue regarding aggregation of whole-time service which is not covered by the MoU and is therefore outside of the scope of the PID.

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 5 April 2006

Expect same options to convert or transfer as given in 2014 options exercise:

- Standard to special
- Special to standard
- FPS 1992 accrued rights

Aggregation remains under discussion:

- Members who were retained but became wholetime without a break in service
- For FPS 1992, could give ability to retire from 50 with 25 years' and access to double accrual in respect of RDS

**17. Create service records and calculate benefits due.** This will be undertaken primarily by pension scheme administrators. However, it will be useful for scheme managers to have an understanding of the benefit structure and calculations to provide an appropriate level of scrutiny.

**18. Manage payment options and processes.** Individuals will be able to pay the employee contributions due either by lump sum or periodically. For individuals who are no longer employed by an FRA, periodical contributions must be paid by direct debit or standing order.

## High-level requirements

19. The following inputs will be needed to deliver project scope:

- 19.1. Home Office policy direction and legislation
- 19.2. Collaboration with the Home Office and the Government Actuary's Department (GAD)
- 19.3. Collaboration with the Fire Communications Working Group (FCWG) to review and develop resources
- 19.4. An understanding by stakeholders of their responsibilities and inter-dependencies

- 19.5. Agreement of parties to project leadership by LGA pensions team
- 19.6. Participation in and collaboration with working parties to be facilitated by LGA
- 19.7. Senior management engagement secured through collaboration with the National Fire Chiefs Council (NFCC)
- 19.8. Development of a central working group to include representatives from the LGA, Scheme Advisory Board (SAB), NFCC, and FRAs
- 19.9. Oversight and transparency of project to be provided from SAB, as part of their scrutiny and governance role

## **Deliverables**

### **20. Central communications compliant with accessibility regulations:**

- 20.1. Pages and resources specific to the communication of the second options exercise made available on [www.fpsmember.org](http://www.fpsmember.org).
- 20.2. A full review and refresh of the suite of documentation provided for the first options exercise, including initial communications, statements of service, and election forms.
- 20.3. Technical guidance notes as agreed by the FPS technical group for scheme managers and administrators.

### **21. Encourage sector collaboration and consistency:**

- 21.1. Ensure that stakeholders are made aware of additional or existing responsibilities as a result of Matthews, so that FRAs have the information necessary to make decisions.
- 21.2. Provide opportunity for informative and networking events to share knowledge and best practice, including FPS Coffee Mornings.

- 21.3. Ensure the sector has access to knowledge and information about the changes being made, communicating these via [www.fpsregs.org](http://www.fpsregs.org) and monthly bulletins.
- 21.4. Support the sector to consider how the provision of FPS management and administration services and necessary tools can be innovated and improved.
- 21.5. Work with the sector to develop procurement choices, including consideration of a central tracing service.
- 21.6. Encourage development and adoption of standard products and approaches, such as on-line tools and consistent communications.
- 21.7. Develop consistent practices between devolved Fire and Rescue Services.
- 21.8. Agreement of best practice in using “reasonable endeavours” to contact individuals.
- 21.9. Agreement of central or standard assumptions to be used where employment data is not available **and** the individual cannot provide alternative evidence.
- 21.10. Software supplier meetings to provide oversight of planned development and due diligence on behalf of scheme managers where no direct contract management exists.

## **22. Guidance on legislation changes:**

- 22.1. Identify where challenges might lie and any mitigations that could be applied.
- 22.2. Impactfully communicate sector challenges to government departments.
- 22.3. Assist in development of secondary legislation.



- 22.4. Communicate effect of policy decisions to scheme managers and administrators.
- 22.5. Aid understanding of tax challenges and seek consistent guidance to be applied.
- 22.6. Technical workshops to work through more complex issues and develop processes.
- 22.7. Provide technical guidance notes as agreed with Matthews working group and FPS technical group.
- 22.8. Consider additional technical training needs as part of Matthews implementation and how to deliver these.

**23. Drive effective and efficient governance at national and local level:**

- 23.1. Develop SAB objectives to allow for monitoring FRAs progress of implementation.
- 23.2. Develop SAB knowledge and understanding.
- 23.3. Develop Local Pension Board (LPB) skills and knowledge to monitor performance at local levels by incorporating Matthews into regular training package.
- 23.4. Briefing updates for chiefs and chairs via Fire Commission.

**Input required from...**

- FRAs
- Pensions software developers
- PSSEG (Public Sector Software Engagement Group) for payroll software development
- Administrators
- SAB (and committees)
- LGA
- NFCC
- FSMC
- Home Office
- Devolved administrations
- GAD

- HMRC
- Scheme members
- TPR
- TPO

## **Affected business processes/ systems**

24. Procurement specifications for services

25. Administration processes

26. Pensions software development

27. Payroll software

28. Tax processes

29. Scheme Manager Processes

29.1. Payroll

29.2. HR

29.3. Finance

29.4. Scheme Management and decision making

30. LPB governance

31. SAB governance

32. Member communication processes

33. LGA maintained websites:

33.1. [www.fpsboard.org](http://www.fpsboard.org)

33.2. [www.fpsregs.org](http://www.fpsregs.org)

33.3. [www.fpsmember.org](http://www.fpsmember.org)

## **Risks, Assumptions, Issues, Dependencies (RAID)**

34. Timeframes for primary policy development.
35. Timeframes for secondary legislation policy development.
36. Potential for conflict against delivery timetables of Sargeant (age discrimination remedy) and pensions dashboards.
37. Interaction of Sargeant remedy with Matthews remedy for individuals entitled to remediable service.
38. Mutual dependencies of stakeholder landscape.
39. Technical complexity of scheme regulations and overriding tax legislation.
40. Ineffective contract management of administrators or software suppliers by FRAs and administrators.
41. Scheme administration and management complexity.
42. Lack of engagement from key stakeholders.
43. Ineffective governance and monitoring.
44. Insufficient resources.
45. Inaccurate or incomplete member data and lack of data understanding.

## **Exclusions from scope**

46. The following items are out of scope of the PID:
  - 46.1. Business as usual, including but not limited to:
    - i. Technical queries
    - ii. Ill-health and injury guidance
    - iii. Pensionable pay

- iv. Communications – bulletins and websites
  - v. FPS events and training
- 46.2. Age discrimination remedy (excluding dual eligibility)
- 46.3. Funding and finance, including New Burdens
- 46.4. GAD business as usual, including but not limited to:
- i. Valuations
  - ii. Cost control mechanism
  - iii. GAD guidance
- 46.5. SAB business as usual, including but not limited to:
- i. Legal advice
  - ii. Guidance
  - iii. Meetings and committees

## **Draft implementation plan**

47. Initiate project management arrangements with the Home Office, GAD, and Matthews working group.
48. Review lessons learned documentation and publish to sector.
49. Explore policy details, review secondary legislations, and provide technical guidance in collaboration with the Home Office, GAD, devolved administrations, and FPS technical working group.
50. Understand tax and national insurance implications with input from the Home Office, GAD, and HMRC.
51. Respond to the Home Office consultation on secondary legislation.

52. Develop member communications for main scope areas in collaboration with the FCWG, regional fire pensions officer groups, Home Office, and legal parties to the MoU.

53. Website development across three LGA maintained websites.

54. Develop scheme manager instructions for data specification/ governance, understanding of roles and responsibilities (with the Home Office), and procurement services.

55. Administrator engagement via technical FPS group.

56. Understand software development needs and expectations via FPS technical group and dedicated software supplier meetings. Communicate sector requirements on behalf of FRAs.

57. Governance at local and national level:

57.1. Ensure understanding of governance in place

57.2. Scrutiny of plans

57.3. SAB to provide assurance through governance

58. Training to include LPB updates, FPS coffee mornings, technical webinars.

## **Reporting mechanisms**

59. Monthly reporting to:

59.1. Home Office/ GAD via project management group

59.2. SAB chair to provide oversight of governance and processes

60. Bi-monthly reporting to:

60.1. Matthews working group

61. Quarterly reporting to:

61.1. SAB

61.2. FCWG

61.3. Regional groups

61.4. Fire Services Management Committee (FSMC)

## Document control

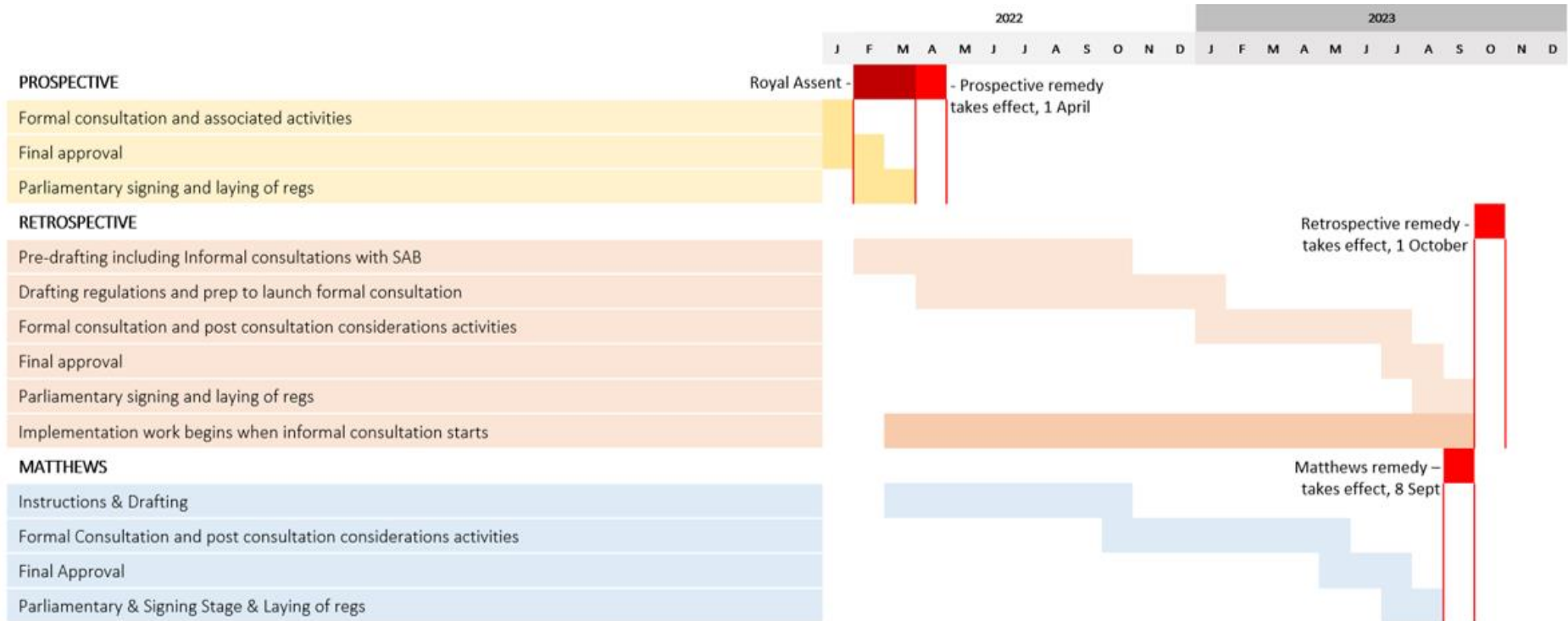
### Record of decisions and agreements

Agreement	Who	Date
Agreement of scope and deliverables		
Agreement of comms plan		

### Version control

Version	Reviewed by	Changes	Date
1.0			12/05/2022

# Annex 1: High-level timeline



## Annex 2: Communications plan

Comms plan dependent on high level timeline. Timings are indicative and subject to review.

What	When (TBC)	Who by	Audience	Purpose
Member website update	ASAP	LGA	Firefighter	Confirm proposed remedy, expected timescales, mechanism for options exercise, highlight no action required at present
Out of scope letter		LGA FCWG	Firefighter	Letter confirming that individual will not be given a second offer as they did not elect in 2014
Employer guide		LGA FCWG	Employer	Action to be taken by employers to identify and contact prospective members
Expression of interest letter		LGA FCWG	Firefighter	Template expression of interest letter
Expression of interest form		LGA FCWG	Firefighter	Template expression of interest form



Death grant application form		LGA FCWG	Firefighter/ Dependant	Application for a time-limited death grant
Employee guide		LGA FCWG	Firefighter	Employee information leaflet on the introduction of the new modified pension arrangements
Eligible member letter		LGA FCWG	Firefighter	Template covering letter to be issued with eligible member guide
Eligible member guide		LGA FCWG	Firefighter	Modified pension arrangements and terms of payment for eligible individuals
Scheme guide		LGA FCWG	Employer Firefighter Administrator	Guide to FPS 2006 for Special Members
FAQs	Ongoing	LGA	Employer Administrator	Collation of FAQs
Settlement calculator		GAD Home Office	Employer	

Calculator user manual		GAD Home Office	Employer	Guide to using GAD calculator
Tax and NI guide		? – previous version was commissioned by DCLG and approved by HMRC.	Employer	Informal guidance on Income Tax and National Insurance implications

## Annex 3: Matthews working group terms of reference

### Group members

Organisation/ body represented	Name
SAB chair	Joanne Livingstone
SAB (employers)	
SAB (employers)	
SAB (employees)	Philip Hayes (FRSA)
SAB (employees)	Mark Rowe (FBU)
NFCC	Jon Pryce
FRA finance	
FRA HR	
FRA LPB	
Matthews TWG representative	
Administrator	Helen Scargill
Software suppliers	As required
LGA	Claire Hey
LGA – employers	Claire Johnson
LGA – governance	Elena Johnson

### Remit

The Matthews working group is being established to coordinate collaboration between the LGA, the SAB, and sector stakeholders in the delivery of the work programme to successfully implement the second special members options exercise.

The group will facilitate discussions by reviewing delivery of policy and legislation against the overall timetable, reviewing correspondence and resources developed by the FCWG, advising on assumptions to be used, providing oversight of key dependencies and interactions, horizon-scanning, and assessing the likelihood, probable impact and potential mitigation of risks relating to the timely implementation of remedy by FRAs.

## **Purpose**

The group has responsibility for monitoring delivery of the work programme to successfully implement the second special members options exercise.

The objectives are:

1. To monitor delivery against the overarching timeline for the delivery of Matthews remedy.
2. To review correspondence and resources developed by the FCWG and identify gaps in the communications plan.
3. To advise on assumptions and data specifications.
4. To monitor risks to timely implementation, identifying new risks in a timely manner, assessing the probable impact, assessing dependencies, and working to provide solutions to mitigate risks.

## **Accountability**

The group will meet once bi-monthly (or more frequently if a significant number of urgent risks/ issues emerge) to monitor and assess implementation against a high-level timeline, focussing on:

1. Maintaining oversight of the timeline through to implementation of the Matthews remedy through tracking performance against agreed milestones. This will set the context at each meeting.
2. Discussing priority risk areas and agreeing approach to mitigating risks – through a focus on pre-identified issues or themes. This will form the main part of each meeting.
3. Promoting a forum for exchange and challenge – through sharing views and analysis, identifying common issues.

The LGA will be responsible for the creation and distribution of agenda, minutes, and documents.

## **Chair**

A chair will be appointed from the group, and it will be their duty to ensure that all attendees show respect to the process and are provided with equal access to the

floor. The chair shall also determine when consensus has been reached and how to record the conclusion of discussion where consensus was not achieved.

### **Observers and Advisors**

Members of this group may invite observers and advisors with consent of the rest of the group. Where issues of confidentiality arise, the chair will ensure that appropriate commitments are given by non-members and recorded in the meeting minutes.

### **Meetings**

This group will meet every other month, and this will be arranged by the LGA. If additional meetings are required at least 1 weeks' notice will be given

### **Review**

These terms of reference were created in May 2022. They will be reconsidered no later than May 2023.