

The Pensions Regulator
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Date: 23 December 2024

Dear Sirs

Cleveland Fire Scheme

We are writing to inform you of disclosure breaches which have occurred on the Scheme.

Name of the Scheme Manager/Employer	Chief Fire Officer, Cleveland Fire
Name, position and contact details of the Reporters	Peter Rickard, Chief Fire Officer Cleveland Fire Authority prickard@clevelandfire.gov.uk David Watkins, Managing Director XPS Administration David.Watkins@XPSGroup.com
Role of the Reporters	Scheme Manager Scheme Administrator
Reason for material significance	All breaches are to be reported
Address of the scheme	PO Box 562, Middlesbrough, TS1 9JA
PSTR	
Scheme Type	Public Service Occupational Scheme
Address of the Employer	Training & Administration Hub Hartlepool TS25 5TH

Breach 1 - failure to issue some Annual Benefit Statements by 31 August 2024

Breach 2 - failure to issue Pension Savings Statements by 6 October 2024

Background

The McCloud remedy has created some considerable challenges for all stakeholders over the last 12 months and, more recently, when addressing the 2024 Annual Benefit Statement (ABS) project. To be as helpful as possible to members, XPS (Scheme Administrator) has worked alongside stakeholders to include Remedial Service Statements (RSS) with the ABS by 31 August 2024 for those in scope of remedy; although the deadline for providing these is 31 March 2025. The intention was to try to provide as many members as possible with

an ABS-RSS, whilst providing a rolled back ABS to those officers for whom we were unable to produce an ABS-RSS. Those members not in scope of remedy would continue to receive a standard ABS.

To support this approach, XPS (and all administrators working with Heywood) were reliant on the software development for the two "new" Annual Benefit Statement calculation routines. After a period of intensive testing across multiple providers, the software was released into the live environment during the first week of August. The complexities associated with pensions remedy have added material time and effort, and cost, to the upgrading of administration software, to enable to production of the ABS, as well as the day-to-day provision of services.

The time it took to receive delivery of an agreed systems solution significantly reduced the time available to complete the standard ABS processes, where data errors and inconsistencies are always a feature. When compared to prior years, this meant that, alongside a new ABS process, XPS were also working to a significantly shorter production timeline.

What was achieved by 31 August 2024

Across all cohorts and all Police & Fire Schemes administered by XPS, as per the table below, 77,458 Annual Benefit Statements were due to be issued, and 63,088 were indeed issued. Given the exceptional circumstances, this was a positive outcome but, clearly, some members did not receive their ABS or ABS-RSS.

	Total	Issued by 31/08	Issued by 13/09	Issued by 20/09	Issued by 27/09	Remaining
ABS/RSS	32,923	23,245*	199	223	419	8,099
ABS only	5,413	4,610				682
ABS 2015	39,122	35,233				3,656
Total ABS	77,458	63,088	63,287	63,510	63,929	12,437

*This figure includes 1,863 rollback members

**removed 1092 members who we have descope

As illustrated within the table, we are now working to resolve the issues that prevented us from issuing statements to the 12,437 members that remain. These issues range from inconsistent, incorrect or absent data, and some residual systems/administrative issues with XPS. As you will see, XPS are now running weekly ABS production runs to clear statements as errors are resolved (or data is clarified/received).

Position for Cleveland Fire Authority

Pension Savings Statements

To be able to complete the Pension Savings Statement exercise we need to have completed the same data work needed for the ABS exercise detailed above. Therefore, the PSS production has also been delayed by the complexities of the McCloud project.

We split the exercise between those members affected by McCloud and those not.

Members not affected by McCloud

The PSS process for these members was largely unaffected by the McCloud issues. For these members, the PSS exercise required us to issue a PSS statement for the 2023/2024 year only. The steps and member numbers were:

A - Identification of membership not affected by McCloud	1,008
B - Analysis of membership to identify members likely to require a PSS	11
C - Run of PSS calculations and detailed analysis on Group B members	
D - Issue of PSS	0
E1 - Additional update communication - no statement	8
E2 - Additional update communication - holding letter	3

Position for Cleveland Fire Authority:

A - Identification of membership not affected by McCloud	216
B - Analysis of membership to identify members likely to require a PSS	4
C - Run of PSS calculations and detailed analysis on Group B members	
D - Issue of PSS	0
E1 - Additional update communication - no statement	4
E2 - Additional update communication - holding letter	0

Due to the potential confusion arising from the large number of communications that have been circulated as part of the McCloud exercise, we introduced an additional communication step with members this year. In a normal year, we would only communicate with those members who are due to receive the PSS. However, this year we also sent a communication to other members who were potentially due a PSS, and for whom we hold current email addresses (essentially these were the high earners). The holding email was issued to members where we found inconsistencies in the data which require additional investigation.

Members affected by McCloud

The PSS process for these members has required additional data work and calculations. To be able to run the 2024 exercise, we have firstly needed to "roll-back" the members so that their records reflected the position they would have been in had they not been moved to the 2015 scheme. Then the PSS runs has required an additional statement to be produced that reflects the "rolled back" benefits and their impact on the PIA calculations - the Remedial Pension Savings Statemen (R-PSS). After these tasks are completed then we can run the standard PSS calculations for the 2023/2024 year.

As each step is dependent on the previous steps these need to be run in order:

1. Cleanse data and identify members likely to need a PSS/R-PSS
2. Roll-back member records into their legacy scheme
3. Run the R-PSS exercise for remedy period up to 2022/2023
4. Run the PSS exercise for 2023/2024

The overall position @ 6 October for all Fire Authorities administered by XPS was:

A - Identification of membership not affected by McCloud	623
B - Analysis of membership to identify members likely to require a PSS	80
C - Roll back of members likely to require a PSS	34
D - Additional update communication - holding letter	80

The position for the Cleveland Fire Authority @ 6 October was:

A - Identification of membership not affected by McCloud	168
B - Analysis of membership to identify members likely to require a PSS	17
C - Roll back of members likely to require a PSS	9
D - Additional update communication - holding letter	17

Due to the potential confusion arising from the large number of communications that have been circulated as part of the McCloud exercise, we introduced an additional communication step with members this year and sent a holding email to all members who were likely to require a PSS, and for whom we hold current email addresses (essentially these were the high earners).

Based on how few member queries we received on 7 October, we believe that the issuing of the additional member communications was worthwhile and has allowed us to focus on the issuing of the statements.

Plans for delivery of the remaining 2024 PSS exercise

We are currently working on the production of the statements for the McCloud affected members.

- We have finalised the R-PSS documents
- We have split the McCloud members into two separate group depending on whether they had any Pre 2022 service in the 2015 scheme
- We issued the PSS, R-PSS and related communications to the members who had no 2015 service (Protected members) on 11 October. This was for c. 650 members and affects about 80 of the rolled back members.
- Our next step will be to run the remaining rolled back members. Our aim is to be able to issue the PSS and R-PSS, or confirmation that they will not receive one, to the majority of the rolled back membership by the end of October.

Whilst we are working on the PSS, our data cleanse teams are continuing work on the resolution of the queries that have arisen from the McCloud and ABS exercises that will allow the remaining members to be rolled back, and we will be able to complete the PSS exercise for them shortly after.

Next Steps

We have undertaken a significant amount of work and planning to establish how we can get the remaining statements issued and, having issued all ABSs, are working to issue the outstanding PSSs by the end of month.

If you have any questions or would like to discuss in more detail, please do not hesitate to let us know.

Yours faithfully

David Watkins
Managing Director
XPS Administration



Peter Rickard
Chief Fire Officer
Cleveland Fire