



Dear Member,

I'm writing to update you on the work we're doing to uncap your compensation payments and calculate and pay the arrears plus interest we owe you.

### **We're working on this, but progress has been slower than hoped**

We are working hard to progress this work as quickly as we can. We know how important it is to all affected members that we remove the cap and pay any arrears due. We appreciate these arrears can amount to significant sums of money, and that for all members the sooner this work is done the better. We very much share the same goal.

Despite our best efforts, we acknowledge that our progress to date has been slower than we'd originally hoped. We appreciate this has caused frustration – we're sorry for the worry and inconvenience this has caused, and thank you for your understanding and patience.

### **Why this is taking longer than expected**

I wanted to explain why this work has proved so much more complicated and time consuming to implement than we first envisaged.

In many cases, we don't have the historical member data we need to proceed with the calculations. This is because it was never anticipated we'd need this data when your scheme transferred to us. The PPF wasn't set up to replicate full scheme benefits – so we only received the data necessary to calculate compensation in line with legislative requirements. We have also discovered that some information provided to us previously is incorrect or appears to conflict with other information we hold. This means we have had to recheck data, and contact third parties, and members direct, to obtain this vital information. Where such information isn't available, we will need to make assumptions.

In addition, our decision to offer some members the option to take part of their uncapping increase as a lump sum (where the maximum cash allowance has not already been taken), and to pay any resulting tax charges, has built in significant complexity. We felt strongly that putting members in the position they would have been in had the cap never been applied was the right thing to do. However, as a result, we now need to undertake complex and time-consuming pension and tax calculations on an individual basis – every member has a unique set of circumstances. As this is not something we've had to do in the past, we are having to carefully ensure that there are no unintended consequences as a result and everyone receives the compensation they're entitled to.

### **We're making progress**

Despite the challenges above, we have been making progress. As mentioned we've been gathering the necessary information we need from third parties and individual members in order to make the calculations. We have also been working to develop an automated

system to carry out the complex individual calculations – when this is live, we expect it will help speed up the calculations markedly.

Although we have started to make payments to some affected members, we still have some way to go. As a result, we expect the majority of affected members won't see their compensation increased and arrears paid until the second half of this year.

We have previously given details on our website of the priority order we are working to, which is as follows:

1. Those who've retired within the last year (to avoid triggering tax charges).
2. Those we consider to be the most affected by the removal of the cap – we'll judge this by reference to whether a member received an interim Hampshire increase, and the length of time since retirement or assessment date, whichever is later.
3. Those who didn't receive an interim Hampshire increase but we do have accurate data.
4. Everyone else.

### **We'll write to you, and keep you regularly updated**

We appreciate you'll want to be kept updated and know when we'll get to your case. We will write to you if we need more information, and as soon as we have an update on your individual case – there's no need to contact us - we'll contact you. Recognising that this is going to take some time, if you haven't heard from us by end of August we plan to write to you again with a progress update. We have also updated our Frequently Asked Questions (FAQs) section on our website in conjunction with this email – you can read these [here](#).

I hope this information is helpful and would like to again emphasise that we are doing our very best to progress this work as quickly as we can.

Kind regards,  
Sue Rivas  
Director, Scheme Services