

Notice of Meeting

Surrey Local Firefighters' Pension Board



Date & time
Thursday, 9
February 2017 at
10.00 am

Place
Surrey Fire and
Rescue Service
Headquarters,
Croydon Road,
Reigate, Surrey, RH2
0EJ

Contact
Andrew Spragg
Room 122, County Hall
Tel 0208 213 2673

Chief Executive
David McNulty

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Andrew Spragg on .

Elected Members

Mr Nick Harrison (Employer Representative (Firefighters' Pension Scheme)) (Chairman) and Mr John Orrick (Employer Representative (Firefighters' Pension Scheme)) (Vice-Chairman)

Independent Representatives:

Richard Jones (Employee Representative (Firefighter's Pension Scheme)) and Glynn Parry-Jones (Employee Representative (Firefighters' Pension Scheme))

TERMS OF REFERENCE

The role of the Local Firefighters' Pension Board, as defined in the draft Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:

- (a) to secure compliance with:
- (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the Firefighters' Pension Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme.
- (b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme.

AGENDA

7 ADMINISTRATIONS STATISTICS

(Pages 1
- 8)

Purpose of the report:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

David McNulty
Chief Executive

Published: 3 February 2017

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Thank you for your co-operation



Surrey Fire Local Pension Board 9 February 2017

Administration Update 1 April 2016 – 31 December 2016

Recommendations:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

Background

1. The terms of reference for the Board includes the duty to;

“...help ensure that the Firefighters’ Pension Scheme is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator”.

2. In order to help the Board to measure the effectiveness of the administration of the scheme a set of administrative functions from 1 April 2016 to 31 December 2016 and an update of performance and current issues is set out below and in the attached Annex.

Movements

3. Members will be aware that the volumes of movements within the main three Firefighter Pension Schemes (FPS) – the 1992 scheme, 2006 scheme and new CARE scheme - are low. No new full-time firefighters (and only 9 retained) have been appointed since 1 April 2016. The key areas of movement within the FPS since 1 April 2016 have therefore been as a result of retirements and re-enrolment.

Retirements

4. Annex 1 shows the administration performance in relating to FPS retirements. Of the 21 retirements in the period, 20 were paid within ten days of the member's actual retirement date. This is a useful comparator as it is the performance indicator used by the Surrey Pension Fund for the Local Government Pension Scheme.

Re-enrolment and opt outs

5. Although contractual enrolment applies to the FPS, under the Government's overarching auto-enrolment provisions the Fire and Rescue service reached its 'restaging' date on 1 April 2016. As a result, a number of firefighters who were previously not members of the FPS were re-enrolled into the scheme.
6. Of the 19 firefighters who were re-enrolled, 17 subsequently opted out. Annex 1 shows a breakdown of the total opt outs since 1 April 2016, including those that opted out following re-enrolment and those that opted out either on joining employment or later. The Board may wish to note the reasons for opting out of the FPS given by the employees concerned – it should be pointed out that a number of those opting out were retained firefighters (shown in the table) whose earnings from this role may be relatively modest.

Current Issues

Contributions Holiday Exercise

7. The Government issued legislation on 30 September 2016 to provide members of the 1992 scheme with a contributions holiday if they had achieved more than 30 years of membership prior to the age of 50. This change is applied retrospectively to 1 December 2006.
8. Business Operations has identified the numbers of cases who will be affected (approximately 50, only 6 of whom are currently active members) and submitted provisional costs for the contributions outlay to the CLG who have suggested they will provide a top-up grant to reimburse costs.
9. Within the last month guidance as to the calculation process (reflecting interest, tax adjustments, etc) has been issued by the Government actuary and the timetable suggested by CLG is for payments to be issued by 31 March 2017 where possible. Business Operations are progressing this exercise and will update the Board at the next meeting.

Modified Retained Options Exercise

10. The Board may be aware of an outstanding exercise required to be completed to allow retained firefighters the option to backdate their membership of the FPS from 2006 to 2001 on enhanced terms.
11. Business Operations has been working with IMT colleagues to retrieve legacy payroll system records to enable extraction of the data required to complete this exercise. This data is now accessible and additional resource is being recruited to progress this resource intensive exercise. It is recognised that the options exercise has been outstanding for some time and priority cases have therefore been identified. The Board will be kept updated on progress.

Communications with Members

12. At the previous meeting, the Board requested to be cited on any communications issued to members. There have been no direct communications to members with the exception of the Annual Benefit Statements for 2016/17.
13. This exercise is only now being completed and statements issued in week commencing 6 February 2017. The primary reason for the delay was the technological challenges to the Altair pensions database to produce both final salary scheme and CARE scheme benefits for the first time under the different pension schemes. These challenges have now resolved which will ensure a smoother process in future years.
14. Business Operations acknowledges that the issue of annual statements is well beyond the statutory target date of 31 August and, accordingly, the position is being notified to the Pensions Regulator. The Board will be advised of the Regulator's response.

Internal Dispute Resolution (IDRP) Cases

15. The Board requested notification of any IDRP cases in relation to FPS members. Since 1 April 2016 there has been one formal appeal. The appeal relates to the member's contention that an additional pay element (unique to the member in question) should have been treated as pensionable in accordance with the definition of pensionable pay under the FPS. The appeal

is ongoing but expected to be resolved by week commencing 13 February 2017.

Next steps

16. The Board is asked to note the update and statistics provided in Annex 1 and consider if any changes or additions in future reports could further assist the Board in monitoring of administration performance.

Report contact: Neil Mason, Senior Advisor

Contact details: T: 020 8213 2739 E: neil.mason@surreycc.gov.uk

Sources/background papers:

Surrey Local Pension Board Terms of Reference

Annexes:

1. Administration summary 2016/17

Annex 1

Retirement Performance Times: April to December 2016

	<u>Scheme</u>	<u>Date of Retirement</u>	<u>Type of Pension</u>	<u>Payment Raised</u>	<u>Days</u>	<u>Comments</u>
1	FPS	22/04/2016	Ordinary	25/04/2016	3	
2	FPS	20/05/2016	Ordinary	19/05/2016	-1	
3	FPS	27/05/2016	Ordinary	23/05/2016	-4	
4	FPS	30/06/2016	Ordinary	30/06/2016	0	
5	FPS	30/06/2016	Ordinary	30/06/2016	0	
6	FPS	09/07/2016	Ordinary	11/07/2016	2	
7	FPS	10/07/2016	Ordinary	12/07/2016	2	
8	FPS	15/07/2016	Ordinary	14/07/2016	-1	
9	FPS	23/08/2016	Deferred	31/08/2016	8	Member was travelling abroad and conducting correspondence by email.
10	FPS	31/08/2016	Ordinary	01/09/2016	1	
11	FPS	31/08/2016	Ordinary	01/09/2016	1	
12	FPS	24/09/2016	Ordinary	23/09/2016	-1	
13	FPS	18/10/2016	Ordinary	19/10/2016	1	
14	NFPS	28/10/2016	Ordinary	* 29/11/2016	32	Late payment - pension £ 70 per month.
15	FPS	31/10/2016	Ordinary	31/10/2016	0	
16	FPS	30/11/2016	Ordinary	30/11/2016	0	
17	FPS	06/12/2016	Ordinary	12/12/2016	6	
18	NFPS	09/12/2016	Ordinary	* 13/12/2016	4	
19	FPS	10/12/2016	Ordinary	14/12/2016	4	
20	FPS	12/12/2016	Ill Health	12/12/2016	0	
21	FPS	31/12/2016	Ordinary	06/01/2017	6	
		* Retained Firefighters				

Opt Out Details from 1 April 2016

Employment Start Date	Re-enrolment?	Regular/Retained	Opt Out Date	Reasons provided
01/04/2016	Y	Regular	30/06/2016	Not given
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	31/05/2016	I consider that an alternative investment is a better option
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	30/06/2016	I consider that an alternative investment is a better option
01/04/2016	Y	Regular	30/06/2016	cannot afford monthly contributions
01/04/2016	Y	Retained	31/05/2016	Not given
01/04/2016	Y	Retained	31/05/2016	Not given
01/09/2016		Retained	30/09/2016	Not given
01/04/2016	Y	Regular	02/06/2016	I cannot afford monthly payments, I consider the scheme to expensive, I consider that an alternative opportunity is a better option, My decision to opt out is based on the proposed 2015 pension scheme changes
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	31/05/2016	I consider than an alternative is a better option
01/04/2016	Y	Regular	30/06/2016	I consider than an alternative is a better option
01/04/2016	Y	Regular	31/05/2016	Not given
01/04/2016	Y	Regular	31/05/2016	Not given
01/06/2016	Y	Retained	31/07/2016	Already a member of the FPS under Regular post
01/06/2016	Y	Retained	31/07/2016	My earnings are low
01/06/2016		Retained		I cannot afford monthly payments,
01/05/2016	Y	Retained	31/07/2016	other-already in FPS with main post..refunded through payroll
01/04/2016	Y	Retained	29/06/2016	Not given
02/01/2006		Regular	30/09/2016	I cannot afford monthly payments, I consider the scheme to expensive,
21/09/2009		Regular	30/06/2016	I consider than an alternative is a better option

01/12/2015		Retained	16/02/2016	cannot afford monthly contributions
20/09/2010		Regular	29/02/2016	My decision to opt out is based on the proposed pension scheme changes from 2015
01/12/2015		Retained	16/02/2016	I consider than an alternative is a better option
01/04/2016		Retained	31/10/2016	I cannot afford monthly payments,
01/04/2016		Retained	30/06/2016	Already a member of the FPS under Regular post
01/06/2016		Retained	30/09/2016	I consider the scheme to expensive for the benefits I will receive

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