



Surrey Firefighters Local Pension Board 26 October 2017

Administration Update 1 January 2017 – 31 August 2017

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 January 2017 to 31 August 2017 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. For reference, current membership of the three schemes is shown overleaf.

<i>Scheme</i>	<i>Numbers of Active Members</i>
<i>1992 Final Salary Scheme (FPS)</i>	<i>151</i>
<i>2006 Final Salary Scheme (NFPS)</i>	<i>25</i>
<i>2015 CARE Scheme (with protections)</i>	<i>347 (includes transitioned members)</i>

- Only 6 new regular firefighters (plus 1 retained) have been appointed since 1 January 2017. The key areas of movement within the FPS since 1 January 2017 have therefore been as a result of retirements.

Retirements

- Annex 1 shows the administration performance in relating to FPS retirements. Of the 24 retirements in the period, 23 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 (LGPS).

Re-enrolment and new joiners

- Annex 2 shows the current status of all new individual employments that have either commenced or been subject to re-enrolment under the Government's overarching auto-enrolment provisions since 1 January 2017.
- It should be noted all bar one of the members have opted out of the pension scheme, though there are varying reasons for this so it is not easy to draw any definitive conclusions with regard to possible underlying issues. Business Operations will continue to report these movements to the Board.

Current Issues

Contributions Holiday Exercise

- The Board may recall 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 was applied retrospectively to 1 December 2006.
- Business Operations identified the numbers of cases who were affected (47) and contacted all members to submit a bank mandate and HMRC authorisation form with the aim of completing payment by the Government's target date of 31 March 2017.
- In the event, 38 of the members returned the mandate and claim form to enable payment to be made in the March 2017 payroll. The remaining cases

were paid on receipt of the relevant claim form as follows:- April (5); June (1); July (1); August (1); September (1).

GMP Reconciliation

11. The Board may be aware from previous updates that this exercise needs completing before 31 December 2018 when the HMRC will switch off their contracting out service. Business Operations previously appointed a data specialist company (ITM) to carry out the initial comparison of the FRS GMP records against HMRC records and a report was provided of the mismatches.
12. As the GMP reconciliation does not form part of the standard administration service, we carried out some investigation of the possible options for external support to assist with the reconciliation and have selected ITM to carry out an accelerated two month project with a view to making use of the analytical tools they have available as well as their existing relationship with HMRC from the work they have already undertaken in this area. The accelerated project will allow queries to be registered with HMRC ahead of the anticipated surge from other authorities as the deadline approaches.
13. Business Operations have been able to agree preferential terms with ITM because they are carrying out this work across a number of schemes we administer which means that the cost to the FRS for this stage of the project will be less than £ 1,000.
14. We will receive a full report from ITM at the end of October when the two month project is expected to be completed and we will update the Board on the outcome. This should provide a clearer picture of how much further work is likely to be involved in the reconciliation process and any further costs likely to be incurred.

General Data Protection Regulations (GDPR)

15. The Board may be aware of the above legislation which will come into force on 25 May 2018. GDPR imposes new obligations on data controllers and this will have a potential impact on pension scheme administrators as existing data protection provisions need to be reviewed.
16. Business Operations is engaging with the County Council's information governance team to understand the requirements and any revision to current practice which will need to be implemented before May 2018. A full report will be provided to the next Board meeting.

Online Portal

17. Business Operations have previously indicated that they intend to make an online portal available for Firefighters. Although this is currently available for LGPS members, the testing of the portal for the Firefighters schemes revealed a number of issues with the benefit projection facility which need to be resolved by the software supplier, Heywood.
18. An upgrade to the portal to fix these errors is due to be delivered in late October 2017 and, provided the testing proves successful, the intention is to roll out the portal to Firefighters before the end of the year.
19. As well as providing firefighters with the facility to calculate their own projections based on a variety of prospective retirement dates, this will allow Business Operations to publish the annual statements online in future which should help ensure the statutory deadline can be met in future years.

Next steps

20. The Board is asked to note the update and statistics provided in Annex 1 and 2 and consider if any changes or additions in future reports could further assist the Board in monitoring of administration performance.

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Sources/background papers:

Surrey Local Pension Board Terms of Reference

Annexes:

1. Retirements 1 January 2017 to 30 September 2017
2. New Joiners from 1 January 2017