



Surrey Firefighters Local Pension Board 29 March 2018

Administration Update 1 September 2017 – 28 February 2018

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 September 2017 to 28 February 2018 and an update of performance and current issues is set out below and in the attached Annex.

Movements – Joiners and Leavers

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 and the following paragraphs set out the main areas of movement.

Retirements

4. **Annex 1** shows the administration performance in relating to FPS retirements. There were only four retirements in the period and all cases were completed within a week of the members' retirement date.

Death in service

5. There was one death in service during the period. The deceased was a member of the 2015 scheme. Under the rules of the 2015 scheme, the lump sum grant of three times yearly pay was paid at the absolute discretion of the scheme manager.

Re-enrolment, new joiners and opt-outs

6. **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 September 2017.
7. It should be noted all new employees or employees re-enrolled since 1 September 2017 have opted out of the pension scheme. Though there are varying reasons stated, it should also be noted that new staff are primarily on temporary or fixed-term contracts so it may not be possible to draw any definitive conclusions with regard to possible underlying issues. Business Operations will continue to report these movements to the Board.
8. Annex 2 also shows that two existing employees (one with two roles) have also decided to opt out of the FPS during the period. As above, one of these employees is on a temporary contract.

Current Issues

Contributions Holiday Exercise

9. 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.
10. At the last Board meeting in October 2017, it was noted that Orbis were required to complete a tax return for HMRC to account for the underpayment of tax associated with the gross refund of pension contributions. We are pleased to report that the tax return was successfully completed for HMRC in advance of the deadline for receipt of 31 January 2018.

GMP Reconciliation

11. The Board may recall that a specialist data analyst, ITM Ltd, had been engaged to carry out a 'fast tracked' modular approach for part of Stage 2 of the reconciliation process for the Surrey Firefighters Scheme (as well as other schemes for whom Orbis provides an administration service). The main purpose of this phase was to allow a number of queries to be registered with HMRC ahead of the anticipated surge from other authorities and schemes as the deadline approaches.
12. The project has now been completed by ITM and the attached report (**Annex 3**), though technical in nature, is a summary of the work that ITM carried out during this two month project. This highlights that, from a total of 1,737 cases requiring review at the start of the project, the number has reduced to 443 cases upon completion of the project. A total of 301 cases have been referred back to HMRC and we await their response on these.
13. The next stage in the process is for Orbis to submit a 'mini tender' to select the most competitive provider to carry out the review of the remaining queries. Orbis anticipate that we will be able to obtain preferential terms because the selected provider would be carrying out this work across a number of schemes we administer and this in turn should minimise the cost to Surrey FPS for this next stage of the project. The tender has been submitted to prospective providers and the costs will be advised to the Board once the process has been completed.

General Data Protection Regulations (GDPR)

14. 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.
15. Business Operations is currently engaged with the County Council's information governance team and the Bluelight Team at the LGA to understand the requirements and any revision to current practice which will need to be implemented before May 2018. A separate update has been provided.

Communications

16. The Board have previously requested to be sited on any communications issued globally to FPS members. Retired FPS members and their dependants are entitled to a 3% increase to pensions in payment in 2018 (subject to any adjustment from a GMP element) under overriding Pensions Increase legislation.
17. The attached letter (**Annex 4**) notifying members of the individual impact on their pensions has been issued to all retired FPS members this month. FPS Pensions are payable one month in advance so the increase has been applied in the March 2018 payroll. Any correspondence returned undelivered from retired members will be included on our next submission to the company appointed to provide an address tracing service.

Online Portal

18. Business Operations have previously indicated that they intend to make an online portal available for Firefighters. At the last Board meeting we advised that an upgrade was to be delivered to address some errors identified from the calculation routines used for Firefighter retirement projections.
19. The upgrade was successfully delivered in late 2017 and Orbis intends to make the online portal available for Firefighters as part of the Annual Benefit Statement exercise in 2018 (refer to separate report provided). The rollout of the portal in conjunction with the Annual Benefit Statements was successfully implemented in 2017 for members of the Local Government Pension Scheme.
20. Pending rollout to scheme members, the 'employer' module of the online portal has been made available to a dedicated officer at the Fire and Rescue Service and feedback from this access has been positive.

Training Update

21. The Board has previously been notified that there has been a potential issue of resilience within the Business Operations team as detailed knowledge of the Firefighters Pension Schemes was limited to a small number of officers within Business Operations.
22. A number of steps have been taken in recent months to address the potential shortcomings and to ensure that knowledge is available across the wider team going forward:-
 - 1) Two new officers are being trained by the dedicated FPS specialist and will be processing (deferred and normal) retirement cases once training is completed. One of the two officers has been specifically assigned responsibility for producing a set of work instructions for use by the whole team which will be reviewed by the FPS specialist and the Technical Manager.
 - 2) The Technical Manager has been assigned responsibility for the FPS and has attended a number of courses/workshops on the FPS organised by the Bluelight team at the LGA. She will be monitoring training provision going forward to ensure increased knowledge base across the operational teams.
 - 3) The draft training programme to be delivered by the FPS specialist has been updated and is attached as **Annex 5**.

Summary

23. The Board is asked to note the update provided and to advise if any further reporting will assist the Board in monitoring of administration performance.
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Sources/background papers:

Surrey Local Pension Board Terms of Reference

Annexes:

Annex 1 Retirements 1 September 2017 to 28 February 2018

Annex 2 New Joiners and opt outs from 1 September 2017

Annex 3 ITM GMP Reconciliation Report

Annex 4 Letter to Pensioners 2018

Annex 5 Updated training programme 2018

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