



## Surrey Firefighters Local Pension Board 18 October 2018

### Administration Update 1 March 2018 – 30 September 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 March 2018 to 30 September 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 twelve retirements in the period and all cases were completed within a week of the members' retirement date.

#### *Death in service*

5. There was zero deaths in service during the period.

#### *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 March 2018.
7. It should be noted all new employees or employees re-enrolled since 1 March 2018 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**

##### *RDS Options Exercise (Retained Firefighters Pension)*

9. The Board will be aware that following a court ruling in 2006 (*Matthew v Kent*) retained firefighters won the right to elect to join the modified section of FPS 2006.
10. Eligible individuals were those that were employed as retained firefighters for all or part of the period 1 July 2000 to 5 April 2006 inclusive.
11. The individuals were unable to join the Firefighters' Pension Scheme 1992 when they started employment.
12. Those who were employed as whole-time and retained under the same contract were not eligible.
13. In January 2014, DCLG wrote to all FRA's informing them that enabling legislation relating to the modified scheme was due to be published shortly and FRA's would be expected to implement an Options Exercise to give those eligible individuals an opportunity to join the scheme.
14. FRA's were asked to respond by 7 February 2014 detailing who would be the named contact for the exercise and confirmation that a process had been started to identify eligible individuals and issue letters advising entitlement.

15. The closure date for the exercise was 30 September 2015. After this deadline no further elections could be made to join the scheme. It is the informal opinion of the Bluelight Pensions Team at the Home Office/LGA that there is still no legal vires for entry to the scheme after 30 September 2015.
16. An e-mail from Clair Alcock at the Home Office/LGA was sent out in November 2017 requesting information on who had joined the 2006 scheme as a special member, and whether they joined as active, deferred or pensioner. Also, whether they chose to pay by lump sum or periodic contributions.
17. An e-mail from HMRC was received in June 2017 requesting information on backdated pension payments and PAYE tax deductions. Responses were requested by 31 July 2017.
18. As at July 2018, 214 individuals had been identified as being eligible to join the modified section of FPS 2006. Of this number; 44 are still active, 74 are leavers, 6 are pensioners and 23 are members of the New Firefighters Pension Scheme.
19. There has recently been an e-mail from David Cannon (Sector Compliance Manager) at HMRC asking for a response regarding tax relief compliance. A response was due by 21 September and an extension has been sought and agreed by the Service Delivery Manager.
20. One current Firefighter has been written to offering membership to the modified section. However, it is unclear how we can allow an election after the deadline so the Service Delivery Manager is seeking advice from the Bluelight Pensions Team.
21. This breach of legislation will need to be reported to the Pensions Regulator and the Service Delivery Manager is currently liaising with Legal Services regarding this matter.

#### *Guaranteed Minimum Pension (GMP) Reconciliation*

22. Jardine Lloyd Thompson (JLT) have recently provided the second analysis update regarding the work being undertaken for the GMP Reconciliation in Phase 2.
23. The current status of the membership data can be found at Annex 3.
24. The Board will find several tabs in this document that provide some explanations as to what work has been undertaken so far, what the next steps are and when the next update is due
25. There is also a list of key milestones of the work being undertaken which Officers have asked JLT to update with each report they provide.
26. The next update is due on 22 October and at this point there will be decisions to be made regarding the GMP data.

27. Officers ask that the Board be aware of this date and take into consideration that queries may well be presented and decisions required.

*Amendment Regulations*

28. The Board may be aware that the Police and Firefighters' Pension (Amendment) Regulation 2008 was laid on 13 September 2018.
29. A technical note has been published to confirm the details of the amendment order as it relates to the Firefighters' Pension Schemes.
30. FRA's and local pension boards have been asked to ensure they are aware of the indexation to two pensions and that it is applied, ensure a policy is in place for exercising Voluntary Scheme Pays and that Firefighters are aware of how they would request the Fire Authority to pay any tax charge arising under the VSP policy, and ensure that members in the 2006 scheme are communicated with to let them know the scheme has been changed to remove the requirement to nominate

Annual Benefit Statements

31. The Board will be aware that the statutory deadline for issuing Annual Benefit Statements, for benefits accrued to 31 March 2018, is 31 August 2018.
32. A Project Manager was assigned to this exercise to ensure compliance, with weekly meetings taking place to keep track of progress.
33. Officers are pleased to report that all statements were issued by the deadline.
34. 77 statements were sent to Protected members and 458 statements were sent to CARE only/unprotected/transition members.
35. A comparison has been made against the number of active members on the pensions database to ensure that all those eligible received a statement.

Summary

36. 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:

1. Retirements 1 March 2018 to 30 September 2018
2. New Joiners and opt outs from 1 March 2018
3. GMP Reconciliation Report

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