



Surrey Firefighters Local Pension Board December 2018

Administration Update 1 October 2018 – 30 November 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 October 2018 to 30 November 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. During the period from 1 October to 30 November there was **1** retirement of a Regular Firefighter from the FPS. The member retired on 31 October and the lump sum payment was processed on 1 November.

Death in service

5. There were **0** deaths in service during the period.

Re-enrolment, new joiners and opt-outs

6. There were **0** re-enrolments during October and November.
7. **1** new Regular Firefighter joined the pension scheme in October 2018. Additionally, **2** Regular Firefighters joined between April and September 2018 and **8** Retained Firefighters joined in September 2018. It is understood this information was not included in the previous report.
8. It should be noted **4** employees opted out of the pension scheme during the period from 1 March to 30 November.
9. The reasons provided for these opt outs were: "I cannot afford the monthly contributions", "I consider the scheme too expensive for the benefits I will receive and that a personal pension scheme is a better option", "I consider that an alternative investment opportunity is a better option", and "I consider the scheme too expensive for the benefits I will receive".

Current Issues

Additional Lump Sum Payments due to Amended Commutation Factors

10. A report detailing the issues and resolution of this matter will be provided under separate cover by the Lead Pensions Manager.

RDS Options Exercise (Retained Firefighters Pension)

11. The Board were provided with an update at the previous meeting regarding the retained firefighter's option to elect to join the modified section of FPS 2006.

12. This is a very complex issue and unfortunately this may well take some time to fully resolve requiring liaison with the Home Office, HMRC and Legal Advisors. It is estimated this matter could potentially take a year to complete.
13. It has been established that there is no specialist legal expertise internally within Surrey County Council so external legal advice is being sought.
14. Since the last Board meeting the matter has now been raised with senior stakeholders at Surrey County Council who are fully aware of the seriousness of this issue.
15. The Pensions Regulator was verbally informed of the breach in October. In terms of the written breach report this was drafted by the Senior Pension Lead and circulated by Responsible Officer in line with the agreed procedural process. The breach was then submitted to TPR using the “exchange online portal” on the 4th December 2019. See Annex 1
16. It has been agreed that the Pensions Service can now contact HMRC to notify them that the data they require in relation to this legislative requirement is not held as there have been no individuals brought into the Modified Scheme.
17. A question was raised previously as to whether this was just an issue for the Surrey Firefighters Pension Scheme or a wider UK issue. Although this still needs to be fully investigated, it is understood at this point that it is just a Surrey issue. However, if it is identified that there are other Authorities who are in the same position then there is a potential to tackle this together.

GMP Reconciliation

18. A report detailing the current situation with this project will be provided under separate cover by the Lead Pensions Manager.

Data Improvement Plan

19. The Board may be aware that an annual Governance & Administration survey is issued by tPR. As part of this year’s return there is a requirement to report on Common & Conditional Data Scores.

20. **Annex 2** details the work that is being carried out by Heywood's in respect of the data scoring. Detailed reports will also be produced by Heywood's identifying areas of improvement for certain data items.
21. One of these areas relates to member addresses which were of interest to the Board. The work being carried out by Heywood's will identify any missing address so that a plan can be agreed as to how this data can be obtained/verified.
22. This will form part of a wider Data Improvement Plan where the Pensions Service will also investigate whether there are other areas of data that can be improved.

Member Self Service Portal

23. At the previous meeting the Board requested an update on the online portal.
24. The Pensions Service Delivery Manager is currently liaising with Heywood's to ensure that this service can be made available to members of the Firefighters Pension Scheme.
25. There may be some testing required to ensure the information that is being provided via MSS is accurate and fit for purpose.
26. A further progress update will be provided at the next Board meeting.

FPS Employer's Survey

27. The Board should be aware that AON have issued a survey which invites Fire organisations to participate in a competitive exchange of benchmarking data and insights – covering resources, costs, understanding of responsibilities and other practices.
28. The survey has been commissioned by the Firefighters' Scheme Advisory Board as a way of reviewing the FPS administration and management costs, and wants to determine how effective the scheme's administration is.
29. The survey must be completed by a person(s) who is responsible for making pension-related decisions in respect of the FPS. It should not be forwarded to the administrator for completion.

Summary

30. 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. TPR Breach Report
2. Common & Conditional Data

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