



Surrey Firefighters Local Pension Board 22 April 2021

Administration Update 1 December 2020–28 February 2021

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 December 2020 to 28 February 2021, and an update of performance and current issues is set out below and in the attached Annexes.

Administration Performance

3. Details of all cases completed between 1 December 2020 to 28 February 2021 can be found at **Annex 1**.
4. As agreed at the previous Board meeting, the SLA reporting that is currently in place for Surrey LGPS has been adopted by Surrey Fire going forward.
5. This will include the new style report which includes number of outstanding cases at the start of the period, SLA performance and number of outstanding cases at the end of the period.
6. During the period 1 December 2020 to 28 February 2021 a total of 42 cases were reviewed and completed/terminated. This was a combination of new work received and clearance of outstanding casework. This is an increase from 28 cases completed in the previous period. Death and retirement cases are treated as high priority cases and other case types for example, refunds, transfers and deferrals are completed

once relevant information is received back from the member or other pension administrator within the realms of the administration resource available.

7. There are currently 77 cases still open and waiting to be processed, this is a reduction from 97 at the end of the last period. The priority is to clear as many open cases as possible prior to the transfer to XPS. A list of cases to work on are sent to the administration resource each week to focus effort to complete the open cases as well as completing new priority cases that are received. The head of pension administration is regularly monitoring the workflow of cases.

Pension Scheme Opt-Outs

8. It was agreed in October 2018 that Officers would provide members' reasons for opting out of the pension scheme.
9. In the period 1 December 2020 to 28 February 2021 there was 4 opt outs.

Fire Bulletins

The Pensions Board has adopted a procedure to ensure that any FPS Bulletins released by LGA are reviewed and any necessary actions are noted and tracked through to completion.

10. Bulletins [41](#) , [42](#) and [43](#) (**Annex 2**) have been published since the last Board meeting.
11. Bulletin 41 contained an **action** for Scheme Managers and Local Pension Boards to consider the six key processes within the tPR factsheet and assess which ones they have in place and take action to address any gaps.
12. Bulletin 41 also contained further points for FRA's to assist when making determinations under the Firefighters' Compensation Scheme.
13. Within Bulletin 41 is a statement drafted on behalf of SAB confirming that IQMPs may assess the same member against the criteria of multiple schemes for recognised purposes including injury awards under the compensation schemes, transitional deferred benefits, and age discrimination remedy/immediate detriment.
14. Confirmation of the Public Service Pension Indexation and Revaluation 2021 was included in Bulletin 41. Public service pensions will be increased by 0.5% from 12 April 2021. FPS 2015 will use the figure of 2.4% as set out in the statement for the earnings element of revaluation for active members effective from 1 April 2021.
15. Bulletin 42 contained an **action** that FRAs should read the draft Remedy data collection guidance and consider any processes or additional resources that need to be put in place to identify the data required, in advance of the standard template being provided.

16. There is an article in Bulletin 42 relating to the Age Discrimination Remedy consultation response being published. The response confirms that discrimination will be addressed in two parts. All protected members who are not currently members of FPS 2015 will transfer into this scheme on 1 April 2022. For benefits built up between 1 April 2015 and 31 March 2022, unprotected and taper members will be credited with final salary build-up in the original scheme. At retirement, members will be able to choose between keeping their legacy final salary benefits or receive the CARE benefits that they would have built up in the same period.
17. Bulletin 42 also confirms that the 2016 Cost Cap Valuation will be lifted, and GAD will proceed with finalising the valuations. Under this valuation the Government have announced that any breaches to the cost cap ceiling will be waived as it would be inappropriate to reduce member benefits at this time. The Government also announced that any changes to employer contribution rates as a result of the 2020 valuation will be delayed from April 2023 to April 2024.
18. There is reference to Immediate Detriment in Bulletin 42, and the article includes a statement that FRAs will now want to consider their decision in relation to payments under the Immediate Detriment guidance, which was issued by the Home Office on 21 August 2020. FRAs need to determine whether they have the necessary information available to them to make decisions and understand the risk to their organisation. There are several questions set out in the bulleting that FRAs may want to consider before making a decision.
19. Bulletin 43 contains an **action** on collection of pensions accounting data. On 31 March 2021, the Home Office sent an email to Claim Certifiers and Administrators to advise that FRAs should now be working towards submitting audited 2019/20 and unaudited 2020/21 pensions income/expenditure data as part of this year's top up grant claim. The data will need to be submitted on the DELTA online data collection system. In addition to the data submitted on DELTA, the Home Office are also requesting that all FRAs provide electronic copies of the trial balances from audited accounts where the pensions income/expenditure data was extracted for completion of the audited 2019/20 DELTA return by email, to include any post balance sheet adjustment events. This information is needed by Friday 14 May to allow relevant checks to be completed before the next batch of grant payments in July.
20. Bulletin 43 provides an update on the LGA project management approach to age discrimination remedy. Bulletin 42 confirmed that HM Treasury (HMT) had published its consultation response on changes to the transitional arrangements to the 2015 public service pension schemes. To show how the LGA intend to work with the sector to implement the remedy, they have produced a Project Implementation Document (PID) which sets out the scope, deliverables, and high-level timeline for the project. Alongside, there is a risk register to track potential challenges to successful implementation and measure our mitigations to these risks. There are also links to some changes made to the draft remedy data collection guidance issued in February.

21. Bulletin 43 also notes that FRA's will shortly be asked to complete a self-assessment survey for the LGA and Scheme Advisory Board to make sure they can the right level and type of support as part of the implementation of the age discrimination remedy. The survey is expected to be circulated in May 2021.
22. Bulletin 43 details the Scheme Advisory Board (SAB) has renamed the Administration and Benchmarking committee. To better reflect the SAB's legal requirement under Regulation 4E(3) to provide "advice to scheme mangers and local pension boards in relation to the effective and efficient administration and management of this scheme and any connected scheme", the Administration and Benchmarking committee has been renamed as the *Scheme Management and Administration (SMA) committee*.
23. Bulletin 43 provides an update on the published (23 March 2021) Government's response to the consultation on GMP Indexation in Public Service Pension Schemes. The response concludes that the government has decided to discount conversion as a long-term policy solution and make the interim solution the permanent solution for GMP indexation in public service pension schemes. It also directs that an increase of 0.5% should be applied:
- on 6 April 2021 to the post-5 April 1988 GMP element of a pension in payment (by way of the Guaranteed Minimum Pension Increase Order 2021 [SI2021/163]), and
 - on 12 April 2021 to the pre-6 April 1988 GMP element of a pension in payment (by way of the Pensions Increase (Review) Order 2021 [SI2021/275]) if the individual reached SPa after 5 April 2016, provided the member's pension increase (PI) date is before 6 April 2020. If the individual reached SPa after 5 April 2016 and their PI date is after 5 April 2020, then a pro-rata increase will apply to the pre-6 April 1988 GMP element of their pension in payment.
24. Bulletin 43 reported on 17 March 2021 the Pensions Regulator (TPR) published a consultation on the draft content for a new code of practice. The first phase of the new code consists of 51 shorter, topic-based modules. These replace 10 of the existing codes of practice and mainly deal with the governance and administration of pension schemes. The new code has been designed to be a web-based product. Views are also sought on the design, usability, and navigation of this version of the code by 26 May 2021.
25. HMRC information in Bulletin 43 reports that the amount of the pension lifetime allowance for tax years 21/22 up to and including 25/26 will remain at £1,073,100. On 25 March 2021, HMRC published Countdown Bulletin 54 with an update on issuing final data cuts to pension scheme administrators. It provides contact details of any schemes have not received their final data cut.

Pensions Helpdesk

1. As of 23 March 2021, the Pensions Helpdesk had reduced the number of outstanding e-mails in their inbox to 33 and are responding to enquiries within the Surrey County Council 'Customer Promise' of 3 working days.
2. The team have 3 new agents joining on 6 April so will be in a very good place in preparation for year end and Annual Benefit Statement dispatch.
3. They have also reverted to their full telephone operational hours of 9am to 4pm, so no longer closed for the lunch period.

Address Tracing

4. Having worked with a specialist tracing company, ITM, the administration requested a trace for any members who fell within these 3 categories:
 - a. Deferred member aged 55+
 - b. Members with unconfirmed address (gone away) on admin system
 - c. Frozen refunds approaching 5 year period
5. 72 member records were requested to have mortality screening undertaken by ITM based on the categories above and the results were as follows:

| | |
|-----------------------------------|----|
| Total Records sent: | 72 |
| No Address found: | 3 |
| Address Abroad found: | 4 |
| Mortality Screening total: | 72 |
| Electronic Trace required: | 64 |

6. Of the 72 cases sent to ITM, 64 of these required further electronic tracing after mortality screening as per below:

| UK Electronic Trace | Records | (%) |
|----------------------------------|----------------|-------------|
| Traced Same < 3 Months | 30 | 46.9% |
| Traced New < 3 Months | 10 | 15.6% |
| Traced New >3 Months | 0 | 0.0% |
| Person Matches | 10 | 15.6% |
| No Matches | 14 | 21.9% |
| | 64 | 100% |

7. Based on these findings, a total of 27 cases require a full trace to establish address details which are made up of:
 - a. 3 No address found in mortality checks
 - b. 10 Person Match failures
 - c. 14 No Match failures

8. Still awaiting results of the final 27 member checks. Full tracing reports to date can be found in Annex 3.

Pension Increase:

9. Pension Increase has been applied for all members in the 1992 scheme in time for March payroll. Remaining membership will be applied in line with the April payroll dates.

Horizon Planning

1. McCloud – Discussions have taken place with the service regarding the approach to this work area. At present further information is required from the LGA to capture the date via payroll.

The administration team have had meetings with specialist data companies to understand what services they offer and how they may be able to support any agreed approaches. Given the timings of this and the migration to a new provider, it is prudent to open discussions with XPS and understand what their approach will be and, understand what is realistically achievable in the time frame we have.

2. End of Year/Annual Benefit Statements/Annual Allowance 2021 – Planning has kicked off for the 2021 end of year season. Plans have been produced and signed off by PAS. These will be closely aligned to the management of other fund exits, ensuring project dependencies are recognised and managed throughout. High level plans can be seen in Annex 4.

Summary

10. The Board is asked to note the update provided/actions required 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 – SFRS Dec 2020 – Feb 2021 KPI Report

Annex 2 – FPS Bulletins 41, 42 and 43

Annex 3 – Surrey Fire Batch Trace Results

Annex 4 – ABS Plans