

**LONDON PENSIONS FUND AUTHORITY
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

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Agenda Item
No.

6

Purpose of the report

This report is provided by the London Pensions Fund Authority (LPFA) giving a quarterly update on the delivery of the pensions fund administration services in the following sections.

Section 1: Statistics and key performance indicators

Section 2: An update on regulatory changes, including the latest news on the potential scheme changes

Recommendations

This is the first report submitted to Pensions Committee providing detail on the Firefighters Pension arrangements. Comments are welcome as to additional information or content that should be included in future reports.

SECTION 1 STATISTICS AND KEY PERFORMANCE INDICATORS

1.1 Pensions Fund Statistics

Scheme Membership:

Membership of the Firefighter Pension Arrangements over the past year are summarised below:

	Q1 2015/6	Q2 2015/6	Q3 2015/6	Q4 2015/6
Active Members	599	611	616	613
Deferred Members	149	151	170	203
Pensioners/Dependants	606	609	622	632

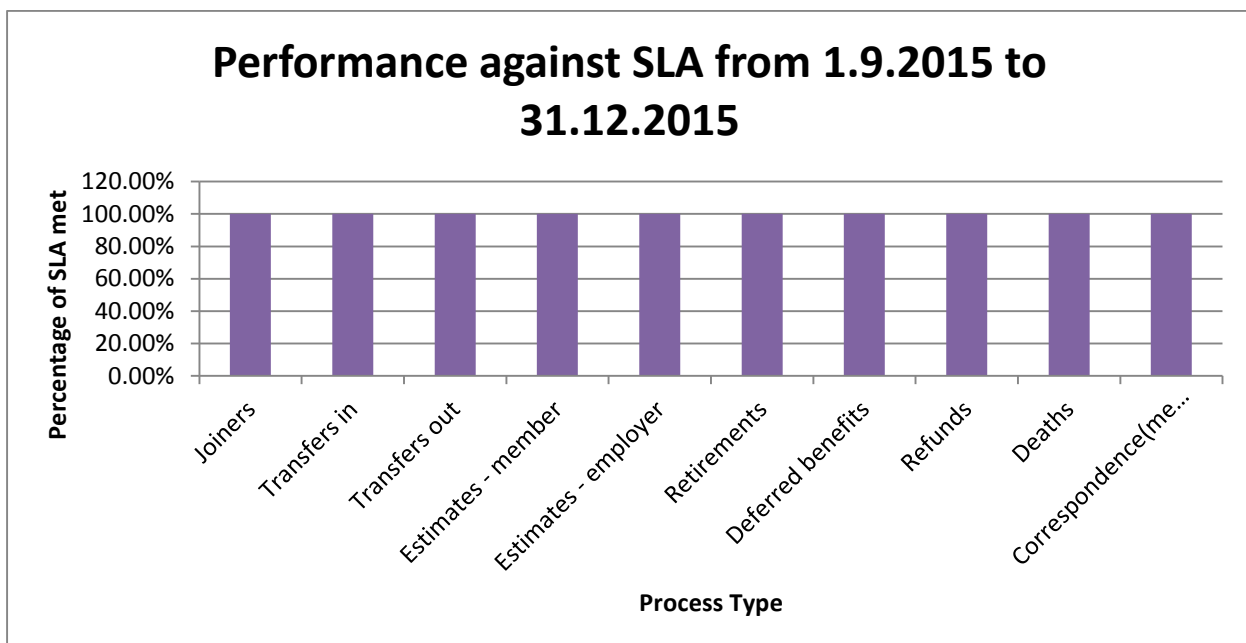
1.2 Performance Indicators

Performance of the Pension Fund is measured in the following key areas:

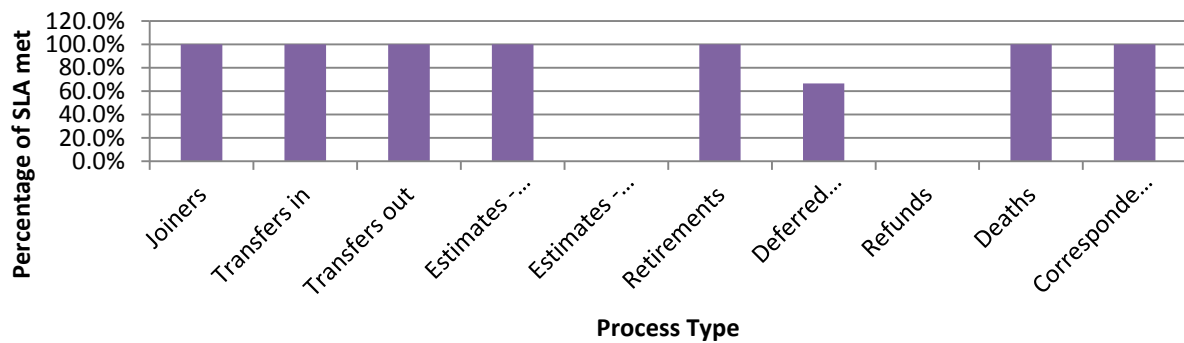
- The LPFA Pensions Administration Services is measured against key performance indicators that measure compliance, efficiency and effectiveness of the service. See Section 1.3.

1.3 Performance for the LPFA Pensions Administration Service

Service Level Agreement and Volumes: The following graphs provide a review of key areas and performance achieved over the last two quarters with performance overall during the period at over 99%.



Performance against SLA from 1.1.2016 to 31.3.2016



During Quarter 4, 1 out of 3 deferred benefit cases were not completed on time which reduced our performance against SLA to 67%. This case was completed within the agreed rectification period.

Key Processes Completed	01.04.2015 to 30.06.2015	01.07.2015 to 30.09.2015	1.10.2015 to 31.12.2015	1.1.2016 to 31.03.2016
Admissions	0	16	5	3
Transfers in	1	2	3	2
Transfers out	4	2	3	3
Estimates - member	18	15	15	25
Estimates - employer	0	1	0	0
Retirements	2	6	1	4
Deferred benefits	4	1	11	3
Refunds	0	3	1	0
Deaths	3	7	3	2
Correspondence	30	22	21	16
Total Key Processes Completed	62	75	63	58

LPFA Pensions Administration Service Complaints – Firefighters Pensions

- None

LPFA Service Complaints

- None

Administering Authority Complaints

- None

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

Revised Commutation Factors

This related to an appeal from a former Firefighter to the Pensions Ombudsman regarding lump sum commutation factors was successful. In effect the Ombudsman determined that the factors applied against such payments should have been reviewed by the Government Actuary's Department earlier than was the case. The outcome of the appeal is that all Firefighters who retired between 2001 and 2006 are now due an additional lump sum payment based on the revised GAD factors. With regards to HCC 70 firefighters have been identified where additional payments are now due.

GAD has now prepared the required tables of factors and shared them with the relevant Government departments. Detailed guidance for Pension Schemes to enable calculations to be prepared have now been provided and details of the relevant calculations and costs have been notified to Communities and Local Government (CLG). The total potential payment for HCC has been estimated at £1.1m and appropriate guidance and re-imburement arrangements have now been notified by CLG.

Letters were sent out to all members who will benefit from the improved commutation factors, confirming that payment would be made in March and all payments have now been made.

Contribution Holiday for members of the 1992 Firefighters Pension scheme

Agreement has recently been reached between CLG and the Fire Brigades Union in the long standing issue of contributions paid by members of the 1992 Firefighters Pension Scheme after reaching 30 years' service before the age of 50.

The following statement was received from CLG:

"The Department has agreed to settle a case brought jointly with the FBU and to provide a contributions holiday to those regular firefighters who joined the service before the age of 20 and served for over 30 years before reaching the minimum retirement age of 50. Such firefighters who serve after their 50th birthday will need to resume the payment of contributions. We will amend the 1992 Firefighters' Pension Scheme to give effect to these changes, applied retrospectively to 1 December 2006. We will provide more information on this matter in due course, and engage with Fire and Rescue Authority and trade union representatives on the practicalities of implementation."

Once revised regulations are received the relevant calculation and payment of contributions to be refunded will be processed accordingly.

Legal challenge over pension protection arrangements

The Fire Brigade Union has mounted a legal challenge in relation to 'protection' arrangements for firefighters who were in the 1992 Firefighters' pension scheme (FPS), which they argue are unfair to Scheme members on age, sex and race discrimination. These measures were

introduced by government to allow pension scheme members time to adjust to the new arrangements introduced from April 2015.

A case management hearing was scheduled for 20 January 2016 although it is not expected there will be any significant developments until Spring 2017 at the earliest.

Fire and Rescue Authorities were required to provide DCLG with details of members who could be potentially affected by the challenge on unprotected/taper protected members and further updates are expected in due course.

SECTION 3 – ADDITIONAL PROJECTS

GMP Reconciliation

With effect 1 April 2016 contracting out status for all UK defined Benefit schemes will end. From January 2019, HMRC will no longer provide relevant information to Schemes and statements will be issued to individuals based on the final position recorded at the end of 2018. Before this happens all schemes will need to reconcile their GMP data against that held by HMRC to ensure that correct liabilities are recorded and to avoid pensions being over/under paid or being faced with the burden of paying a GMP for members who are no longer in their Scheme. Work is underway between HCC and LPFA to ensure all relevant data is up to date and reconciled within the appropriate timescales and a Project Initiation Document has now been agreed.

All project decisions have now been received and work to start the updating of records and investigate queries will commence in mid May 2016.

Work required will include;

- Updating 50 pension records with correct GMP details
- Investigating records where the fund believes we hold no liability
- Uploading of queries to HMRC to investigate

Carrying out this work will not only ensure that correct contracting out liabilities are held by the fund but will also ensure the following;

- Compliance with Public Sector Service Pensions (record Keeping and Miscellaneous Amendments) Regulations 2014
- Accurate pension payments for all fund members