

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

Author: Mike Allen – Director of Pensions (LPFA)

Agenda Item No:

**8**

## **Purpose of the report**

This report is provided by the London Pensions Fund Authority (LPFA) giving an 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 Fire Pension Board 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:

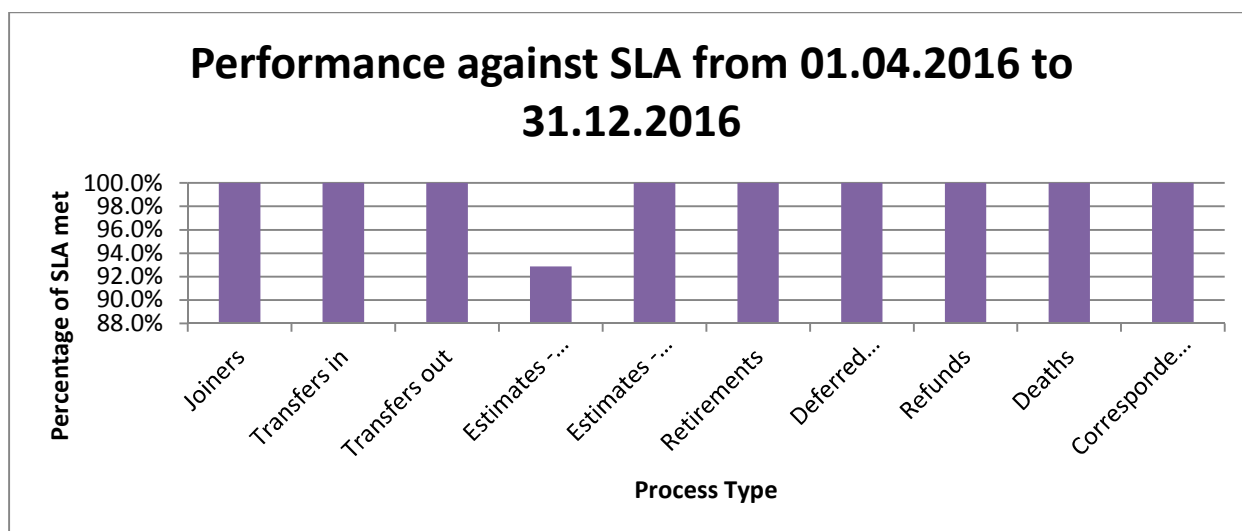
	Q4 2015/16	Q1 2016/17	Q2 2016/17	Q3 2016/17
Active Members	613	614	617	605
Deferred Members	203	209	220	229
Pensioners/Dependants	632	639	639	643

### 1.2 Performance Indicators

Performance of the Pension Fund 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 quarterly review of key areas and performance achieved, with performance overall during the period of over 97% compliance against Service Level Agreement (SLA).



4 member estimates were not completed within SLA but were completed within the agreed rectification period of 24 hours.

<b>Key Processes Completed</b>	<b>01.01.2016 to 31.03.2016</b>	<b>01.04.2016 to 30.06.2016</b>	<b>01.07.2016 to 30.09.2016</b>	<b>01.10.2016 to 31.12.2016</b>
Admissions	3	3	4	0
Transfers in	2	2	2	0
Transfers out	3	2	1	1
Estimates - member	25	26	9	21
Estimates - employer	0	1	0	0
Retirements	4	1	1	1
Deferred benefits	3	4	3	2
Refunds	0	2	3	0
Deaths	2	4	1	0
Correspondence	16	46	49	29
<b>Total Key Processes Completed</b>	<b>58</b>	<b>91</b>	<b>73</b>	<b>54</b>

#### **LPFA Service Complaints**

- None

#### **Fire Authority Complaints**

- None

#### **IDRP's**

- One Internal Dispute Resolution Procedure (IDRP) has been received regarding admittance to the Retained Modified Fire Fighters Pension Scheme. This is currently being reviewed in line with processes and an update will be provided to the next meeting of the Board.

## **SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES**

### **Contribution Holiday for members of the 1992 Firefighters Pension scheme**

The Department for Communities and Local Government has agreed to settle a case brought jointly with the Fire Brigade Union (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.

All current active Firefighters have been identified and a spreadsheet has been provided to enable FRA's to calculate the refund each member will receive. The next steps are as follows:

- Submit interim spreadsheet to Home Office - **complete**
- Using LGA prepared letter and mandate write to members - **complete**
- Once replies are received amend spreadsheet if additional income has been declared – **in progress**
- Arrange payment by 31/03/2017

### **Legal challenge over pension protection arrangements.**

The Fire Brigade Union (FBU) 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.

The FBU were successful in the initial hearing that the case should be heard; however on 15 February the Central London Employment Tribunal rejected age discrimination claims on the grounds that Under Section 13 of the UK Equality Act 2010 age discrimination can be justified if it is applied in a proportionate manner to achieve legitimate aim.

The FBU and its legal advisors are due to meet on 23 February to decide whether they will appeal.

### **Active Annual Benefit Statements**

Following the Local Pensions Partnership's (LPP's) attendance at the Fire Communications Groups we are aware that Clair Alcock is going to recommend that Annual Allowance figures are included within the 2017 Annual Benefit Statements. LPP, amongst several other authorities, have recommended that the current approach used remains in place where we write to individual members clearly affected by Annual Allowance limits. We will however include a line in the statement text to advise members with significant additional taxable income to seek guidance. We will work with the FRA to communicate on this matter.

## **State Pension Age**

The Local Government Association (LGA) has produced a leaflet on 'topping up your state pension'. This leaflet is targeted to Local Government Pension Scheme members but may be relevant for those firefighters who retire before reaching State Pension Age and do not intend to work again and may be advised to top up their state pension. LPP will work to build information regarding this into retirement details provided to members to ensure that they are informed.

## **Pension case verdict in the news!**

Denise Brewster, who was refused payments from her former partner's pension, has won her battle to extend benefits automatically to those who are unmarried, in a case which could benefit large numbers of public sector workers. Her victory at the Supreme Court marks a significant extension of the rights of unmarried cohabitants after five justices ruled the refusal to pay her the pension was unlawful. Her partner had worked for 15 years at Translink, which runs Northern Ireland's public transport services, and had paid into Northern Ireland's local government pension scheme. Shlomit Glaser, a solicitor specialising in family law at the London firm Glaser Jones said: It has wide implications for public sector schemes. The Supreme Court emphasised that no convincing economic or social reasons had been put forward for the policy of excluding a cohabitee, solely because a form had not been filled in.

There is no nomination available for the 1992 firefighters pensions scheme (FFPS) unlike the 2015 FFPS where firefighters can nominate and the authority could still pay without a nomination. It is too early to tell what the wider implications will be and we will continue to monitor.

## **Amendment Regulations**

The Fire Amendment Regulations were expected before Christmas but have not yet been released.

## **SECTION 3 – ADDITIONAL PROJECTS**

### **GMP Reconciliation**

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 Guaranteed Minimum Pension (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 Hertfordshire County Council and London Pensions Fund Authority (LPFA) to ensure all relevant data is up to date and reconciled within the appropriate timescales.

The second phase of the Herts Fire GMP reconciliation is complete. All queries were uploaded to HMRC in July 2016. Pension Benefit revisions were passed to payroll in October for action in the November 2016 payroll run and all members were written to.

Of these revisions:

- 9 members received a reduction to their annual pension
- 1 member received an increase to their annual pension
- The impact on the pensions payroll is a reduction of £1,905 per annum
- The total overpayment calculated amounted to £16,169

Responses to the queries raised were received on 21 October 2016 and will be reviewed before planning the next phase.

It is anticipated that the data for active members will be available shortly and will follow the same process as deferred and pensioner members.