

HERTFORDSHIRE COUNTY COUNCIL

HERTFORDSHIRE FIRE PENSION BOARD

5 JULY 2017 AT 2:00PM

Agenda Item No:

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**LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

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Purpose of the report

This report is provided by the Local Pensions Partnership (LPP) to give 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

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 2016/7	Q2 2016/7	Q3 2016/7	Q4 2016/7
Active Members	614	617	605	602
Deferred Members	209	220	229	243
Pensioners/Dependants	639	639	643	643

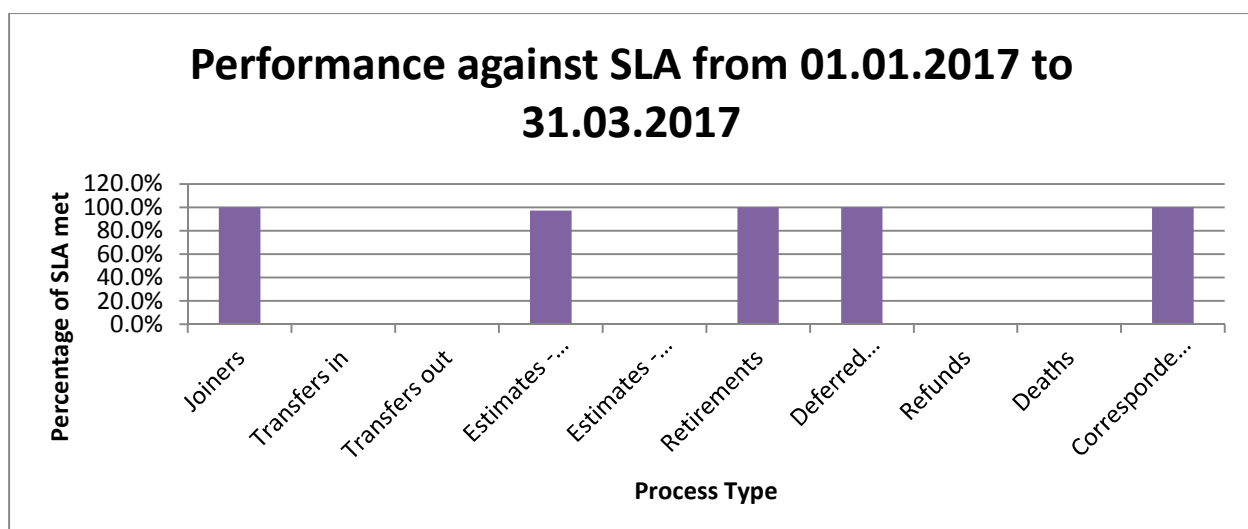
1.2 Performance Indicators

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

- The LPP 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 LPP Pensions Administration Service

Service Level Agreement (SLA) and Volumes: The following graphs provide a quarterly review of key areas and performance achieved with performance overall during the period at over 98.4%.



1 member estimate was not completed within SLA but was completed within the agreed rectification period of 24 hours.

Key Processes Completed	01.04.2016 to 30.06.2016	01.07.2016 to 30.09.2016	01.10.2016 to 31.12.2016	01.01.2017 to 31.03.2017
Admissions	3	4	0	2
Transfers in	2	2	0	0
Transfers out	2	1	1	0
Estimates - member	26	9	21	37
Estimates - employer	1	0	0	0
Retirements	1	1	1	1
Deferred benefits	4	3	2	5
Refunds	2	3	0	0
Deaths	4	1	0	0
Correspondence	46	49	29	16
Total Key Processes Completed	91	73	54	61

LPP Service Complaints

- None

Fire Authority Complaints

- Contribution Holiday for members of the 1992 Firefighters Pension Scheme – during the final payment stage of this exercise, 55 payments were made to incorrect bank accounts. This was due to the bank account data being extracted from ALTAIR (the pension’s administration and payroll system) and automatically input into the SAP payment forms. ALTAIR holds 10 digit account numbers by adding to zeroes to the beginning of the account number and SAP uses 8 digit account numbers. This meant that the last two digits of each bank account number were removed. All payments were either rejected or the receiving bank redirected to the correct account. All late payments were recalculated to include interest which LPP have agreed to cover along with any tracing fees payable to Barclays. LPP have also removed the cost of this exercise by way of an apology for any inconvenience caused.

Internal Dispute Resolution Procedure (IDRP’s)

- One IDRP has been received regarding admittance to the Retained Modified Fire Fighters Pension Scheme. The correspondence provided to the member allowed three months to response and the member replied within timescales. Unfortunately the member was a retained firefighter and was picked up later than the original group, and consequently the letter sent did not reflect the statutory deadline for response. Discussions with Hertfordshire County Council continue regarding this matter.

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

Legal challenge over pension protection arrangements.

Following the legal challenge to the protection arrangements for firefighters in the 1992 scheme which was judged to be justified by the Central London Employment Tribunal, The Fire Brigade Union has announced that they intend to appeal the ruling; no dates or details of the appeal have been announced.

Amendment Regulations

The Fire Amendment Regulations were expected before Christmas. It is also expected that, following the recent court case in Northern Ireland relating to the use of nomination forms, the 2006 scheme will also require retrospective amendment regulations. Neither of these amendment regulations has been released and LPP have been advised informally by officers from the Department of Communities and Local Government that, due to elections and Brexit talks, pensions legislation will be limited to essential legislation only.

Annual and Lifetime Allowance

The LPP will be contacting all scheme members who are close to either the Annual Allowance or Lifetime Allowance triggers in the Autumn following the issuing of the 2017 Annual Benefit statements. The LPP appreciate that any information which mentions HMRC is likely to be of serious concern, so in those letters LPP will advertise a drop in day where the LPP will explain the figures and their implications, this would also cover the introduction of the Tapered Annual Allowance which would only affect members if they have other significant taxable earnings. The timetable below shows the plans and how it ties in with the HMRC requirements.

Date	Event
31 August	Annual Benefit statements issued
6 October	Individual letters to members affected by Annual Allowance issued
17 October	Drop in day
31 January 2018	Self-assessment (including notification of any Annual Allowance excess)
31 July 2018	Member must notify LPP if they intend to use scheme pays

SECTION 3 – ADDITIONAL PROJECTS

Guaranteed Minimum Pension (GMP) Reconciliation

Contracting out status for all UK defined benefit schemes ended in April 2016. 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 Hertfordshire County Council and LPP to ensure all relevant data is up to date and reconciled within the appropriate timescales.

HMRC have responded to all 391 queries raised via the Shared Workspace portal and a review of the responses has been completed.

Of the 391 responses:

- HMRC agree with the information LPP sent for 32 of the cases. These are mainly “Not in Scheme” queries, where LPP informed HMRC of the members that do not hold a liability with Herts Fire Authority and HMRC have accepted the information LPP provided and amended their records.
- Another 32 of the responses were HMRC providing details of the dependant pensions that they believe Herts Fire Authority are responsible for. The work required to reconcile and carry out any further actions appropriate to these members will be carried out in the next phase of the GMP reconciliation process.
- LPP still have a dispute with HMRC in respect of 2 “Not in Scheme” queries and 29 “Orphan Record” queries. Resolving these issues will also fall into the next phase of the GMP reconciliation process. LPP can confirm that 11 of the 29 “Orphan Record” queries have been identified as being members of the Hertfordshire County Council Local Government Pension Scheme and not members of the Fire Scheme.
- The remaining 296 records are all “Was in Scheme” queries that have had to be re-submitted to HMRC due to an error on LPP’s part which resulted in the NI Numbers for members not being included in the query list.

LPP have also now received HMRC’s “Closure Scan” information which gives the details required to reconcile Herts Fire Authority’s active scheme membership. This data was originally supposed to have been made available by HMRC in December 2016, but a series of issues at HMRC led to the information not being added to the Shared Workspace for LPP to download until 31 March 2017.

The reconciliation of the active membership and the resulting action that is required will form the greater part of the next stage of the reconciliation project. This delay in the completion of the Closure Scan has meant that LPP have been unable to complete a cost model and a plan for the next phase of the project.