

**LOCAL PENSIONS PARTNERSHIP  
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

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Agenda Item  
No:

**3**

**Purpose of the report**

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

Section 3: Additional Projects

**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:

	Q2 2016/7	Q3 2016/7	Q4 2016/7	Q1 2017/18
Active Members	617	605	602	591
Deferred Members	220	229	243	253
Pensioners/Dependants	639	643	643	649

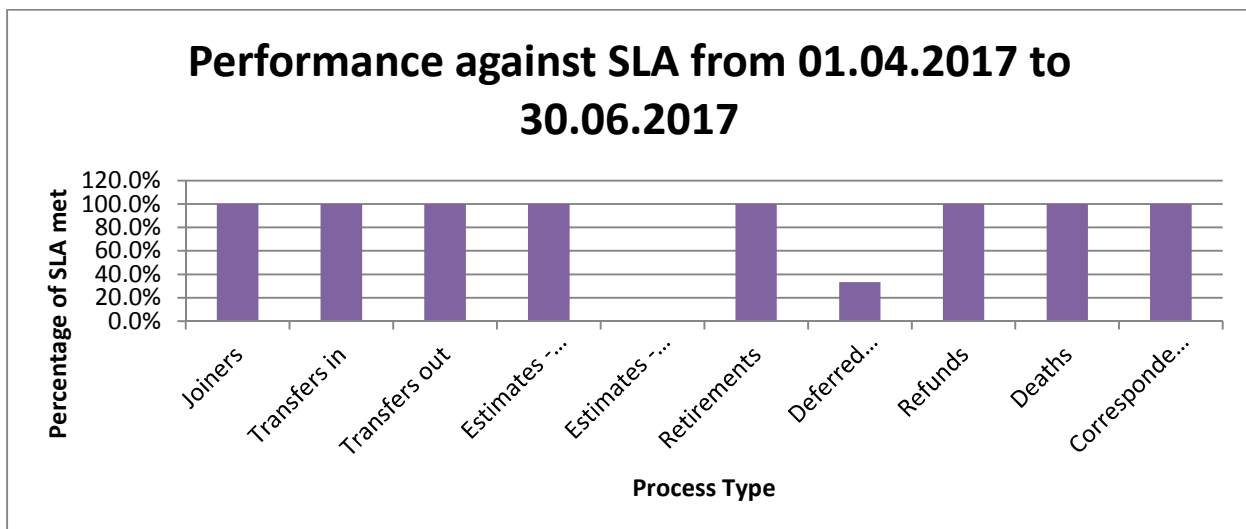
### 1.2 Performance Indicators

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 and Volumes:** The following graphs provide a quarterly review of key areas and performance achieved with performance overall during the period over 98.4%.



2 deferred benefits were not completed within Service Level Agreement (SLA) but were completed within the agreed rectification period of 20 working days.

<b>Key Processes Completed</b>	<b>01.07.2016 to 30.09.2016</b>	<b>01.10.2016 to 31.12.2016</b>	<b>01.01.2017 to 31.03.2017</b>	<b>01.04.2017 to 30.06.2017</b>	<b>Performance against SLA %</b>
Admissions	4	0	2	1	100%
Transfers in	2	0	0	1	100%
Transfers out	1	1	0	1	100%
Estimates - member	9	21	37	26	100%
Estimates - employer	0	0	0	0	100%
Retirements	1	1	1	4	100%
Deferred benefits	3	2	5	3	33.3%
Refunds	3	0	0	3	100%
Deaths	1	0	0	2	100%
Correspondence	49	29	16	12	100%
<b>Total Key Processes Completed</b>	73	54	61	53	96.2%

Work has commenced to move the Herts Fire Pensions Administration to the specialist team in London who are also responsible for administering pensions for London Fire Brigade, Beds Fire & Rescue Authority and Kent Fire & Rescue Authority. The intention is to provide more expertise and resilience to the Authority and scheme members whilst maintaining a presence in the Hertfordshire office.

### **Annual Benefit Statement Exercise 2017**

LPP dispatched all deferred and active annual benefit statements before the deadline of 31 August 2017.

### **LPP 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. The correspondence provided to the member allowed three months to respond and the member replied within timescales. Unfortunately the member was a retained FF and was picked up later than the original group and the letter sent did not reflect the statutory deadline for response. This matter has been resolved and the fire-fighter had been granted access to the Retained Modified Scheme.

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

### **Legal Challenge Regarding 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. The hearing will be held in the first 2 weeks of December.

### **Amendment Regulations**

The Fire Amendment Regulations (the Firefighter's Pension Schemes and Compensation Scheme (Amendment) (England) order 2017 (2017/892) and The Firefighters' Pension Scheme (England) (Amendment) Regulations 2017 (2017/881) have been laid on the 11 September 2017. These will stop any widow of a firefighter (who died in active service) having their widows pension suspended if they remarry. Additionally a number of minor amendments/corrections have been made.

### **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 we 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 2017	Annual Benefit statements issued
6 October 2017	Individual letters to members affected by Annual Allowance issued
17 October 2017	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

## **Pensions Dashboard**

Plans for the introduction of the Pension Dashboard were announced by Chancellor George Osborne in March 2016, however, this adhered to advice to follow the Dutch system for defined contributions pension schemes by the FCA in 2014. The recommendations do not yet confirm if defined benefit schemes, like LGPS, will be required to supply details which will enable individuals to trace all of their pension benefits, values and options on one single site.

The 2016 budget statements stated:

The government will ensure the industry designs, funds and launches a pensions dashboard by 2019. A pensions dashboard is a digital interface where an individual can view all their retirement savings in one place.

Many defined contribution pension scheme providers and systems providers (including Heywood who provides the LPP pensions administration system) have been very active in collaborating on producing a system which can accommodate the level of detail required and agreeing the common data that would need to be collected.

## **General Data Protection Regulations (GDPR)**

On 25 May 2018 the EU's General Data Protection Regulation (GDPR) comes into force containing new standards for the protection of individuals' personal data in the European Economic Area.

LPP are aware that GDPR is an area that is attracting increased attention across pension schemes and there are a number of crucial questions where there are different views, in particular:

- a) the implications of GDPR for Fire Pension Schemes, and
- b) the work that needs to be undertaken to ensure that Fire Authorities are fully compliant  
by the time GDPR comes into force.

At a national level LPP attend a GDPR working group to consult on documentation to ensure compliance and raise appropriate queries on any specific issues that may arise.

## **SECTION 3 – ADDITIONAL PROJECTS**

### **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 HCC 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 we sent for 32 of the cases. These are mainly “Not in Scheme” queries where we informed HMRC of the members that do not hold a liability with HCC Fire and HMRC have accepted the information we provided them and amended their records.
- Another 32 of the responses were HMRC providing details of the dependant pensions that they believe HCC Fire 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 have already identified 11 of the 29 “Orphan Record” queries as being members of the HCC LGPS 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. The original list was uploaded to HMRC on 22 July 2016 and HMRC responded on 21 October 2016. The list was subsequently resubmitted and a final response received from HMRC on 4 July 2017.

LPP has also now received HMRC’s “Closure Scan” information which gives the details required to reconcile HCC Fire’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. Work is now underway to prepare a cost model and plan for the next phase of the project.

## **Norman v's Cheshire**

In December 2011 Mr Justice Andrew Smith ruled in favour of the position presented by Anthony White QC on behalf of Mr Norman in a case brought against Cheshire Fire & Rescue Service, regarding the issue of whether day crewing allowance should be deemed as pensionable pay. Hertfordshire Fire & Rescue Authority is undertaking a piece of work to correct the previous decision that the allowance was not pensionable.

LPP are supporting Hertfordshire Fire and Rescue Service in the delivery of this message to effected firefighters by delivering presentations, assisting with frequently asked questions and recalculating estimated pension benefits and pensions in payment as appropriate.