

HERTFORDSHIRE COUNTY COUNCIL

HERTFORDSHIRE FIRE PENSION BOARD

23 MARCH 2018 AT 10.00 AM

Agenda Item
No:

4

**LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

Report of LPP

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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:

	Q4 2016/7	Q1 2017/18	Q2 2017/18	Q3 2017/18
Active Members	602	591	606	609
Deferred Members	243	253	263	277
Pensioners/Dependants	643	649	652	654

The table below shows how the membership of the fund has evolved since 2005, with 2011 included as the date the administration transferred to London Pension Fund Authority.

Membership Type	31/01/2005	31/03/2011	31/03/2017
Actives - current contributing member	584	680	602
Deferred - no longer contributing, hold membership within the fund and not yet in receipt of their pension	41	58	243
Pensioners - currently in receipt of their pension or dependant pension	469	569	643
Sub total	1094	1307	1488
Undecided - contributions have ceased and work is in progress	1	3	6
Frozen Refund - not reached vesting period and refund of pension contributions not claimed	6	15	20
Total	1101	1325	1514

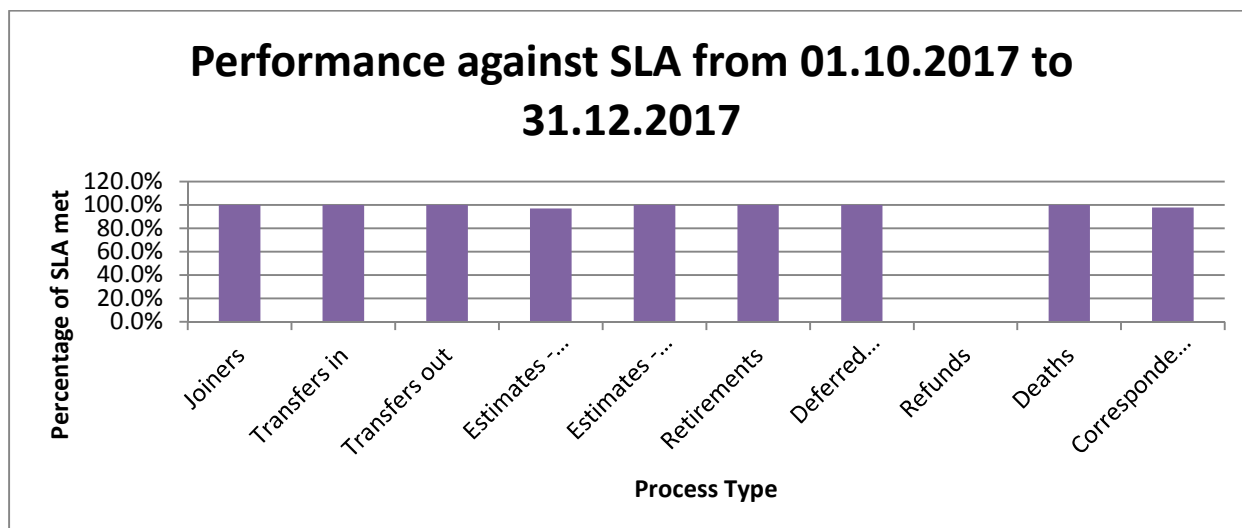
1.2 Performance Indicators

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 93.67%.



One member estimate and one member correspondence case were not completed on time, however, they were completed within the rectification period and with our SLA of 95% of cases completed within specified timescales.

Key Processes Completed	01.01.2017 to 31.03.2017	01.04.2017 to 30.06.2017	01.07.2017 to 30.09.2017	01.10.2017 to 31.12.2017	Performance against SLA %
Admissions	2	1	2	19	100%
Transfers in	0	1	3	4	100%
Transfers out	0	1	3	3	100%
Estimates - member	37	26	32	33	96.97%
Estimates - employer	0	0	1	1	100%
Retirements	1	4	3	8	100%
Deferred benefits	5	3	6	9	100%
Refunds	0	3	2	0	100%
Deaths	0	2	4	10	100%
Correspondence	16	12	23	43	97.67%
Total Key Processes Completed	61	53	79	130	98.46%

Work continues 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. All work will be transferred by 1 April 2018.

LPP Service Complaints

A complaint was received from a pensioner regarding timeliness of payment of pension. The member's option forms were received after payroll cut-off date, which meant that payment of annual pension would not have reached the member's account until the end of the following month. The matter was resolved by Hertfordshire County Council agreeing to make a payment via CHAPS.

Fire Authority Complaints

- None

IDRP's

- None

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

1. Legal challenge over pension protection arrangements.

Ms R Sargeant v Secretary of State for the Home Department & Ors

The Home Office introduced a new firefighters' pension scheme on 1 April 2015 and all firefighters moved into the new scheme on that date, other than protected firefighters. Such protection was determined on the basis of age.

The Fire Brigades Union (FBU) brought various claims to an employment tribunal. Their main claim was that unprotected members had suffered age discrimination. There is a defence to age discrimination where you can show that the particular rule is a proportionate means of achieving a legitimate aim.

The employment tribunal ruled against the FBU on 14 February 2017. The tribunal ruled that the transitional protections are proportionate means of achieving a legitimate aim.

The FBU appealed against that ruling to the Employment Appeal Tribunal who ruled on 29 January 2018 as follows:

- (1) The employment tribunal was correct to rule that the Home Office was pursuing a legitimate aim in respect of the transitional protections.
- (2) The tribunal did not follow the correct legal principles when it determined that the Government adopted proportionate means of achieving those aims.
- (3) The case should be remitted back to the same or a different tribunal for reconsideration.

2. Guaranteed Minimum Pension (GMP)

The government consulted on the indexation and equalisation of GMP between 28 November 2016 and 20 February 2017. This consultation was regarding how the government should continue to meet their obligations to index (price protect) and equalise (make equal payments to men and women) the pension entitlements of a certain group of public servants with an occupational pension known as a GMP.

This consultation received 62 responses, broadly in favour of the government's objectives in continuing to ensure the GMP continues to be indexed and equalised. Between 6 April 2016 and 5 December 2018 an "interim solution" has been implemented. This solution has been extended for a further two years and four months, to cover members of public pension scheme with a GMP who reach state pension age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long-term methodology, known as "conversion".

3. Annual and Lifetime Allowance

LPP has contacted all scheme members who have exceeded or are close to exceeding the Annual Allowance or Lifetime Allowance limits. The letter included details of 'drop in days' to enable individuals to discuss their personal circumstances.

The timetable below shows the plans and how it ties in with the HMRC requirements.

Date	Event	Status
31 August 2017	Annual Benefit statements issued	Complete
6 October 2017	Individual letters to members affected by Annual Allowance issued	Complete
17 October 2017 & 14 November 2017	Drop in day	Complete
31 January 2018	Self-assessment deadline (individuals with a tax charge must complete their self-assessment by 31 January 2018)	Assumed individuals completed self-assessments - Complete
31 July 2018	Deadline for member to inform LPP if they intend to use scheme pays	

SECTION 3 – ADDITIONAL PROJECTS

GMP Reconciliation

LPP have submitted a Project Initiation Document for sign off to allow work to commence on the completion of the reconciliation exercise. This final phase will incorporate the analysis of the active membership, a refreshed analysis of the deferred and pensioner membership, the resolution of any new discrepancies identified and the resolution of the queries raised with HMRC in the previous phase of the reconciliation.

HMRC have announced in their November countdown bulletin that they no longer intend to issue statements to individuals with details of their contracted out history. This was expected to be dispatched in December 2018. The HMRC explanation is that in light of Personal Tax Accounts, the Pension tracing service and, eventually the pensions dashboard, this is no longer necessary.