

HERTFORDSHIRE COUNTY COUNCIL

**HERTFORDSHIRE FIRE PENSION BOARD
25 JULY 2019 at 10.00AM**

**LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT Q4**

Agenda Item
No:

2

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:

| | Q1 2018/19 | Q2 2018/19 | Q3 2018/19 | Q4 2018/19 |
|-----------------------|------------|------------|------------|------------|
| Active Members | 633 | 637 | 637 | 645 |
| Deferred Members | 274 | 293 | 293 | 309 |
| Pensioners/Dependants | 669 | 673 | 682 | 684 |

Data for the previous 5 years can be seen in Appendix 1 to the report.

The table below shows the percentage of membership that have registered with My Pension Online – Member Self Service:

| | Q1 2018/19 | Q2 2018/19 | Q3 2018/19 | Q4 2018/19 |
|-----------------------|------------|------------|------------|------------|
| Active Members | 37.66% | 38.87% | 38.78% | 39.84% |
| Deferred Members | 25.00% | 29.35% | 31.27% | 32.69% |
| Pensioners/Dependants | 41.7% | 44.05% | 45.60% | 46.64% |

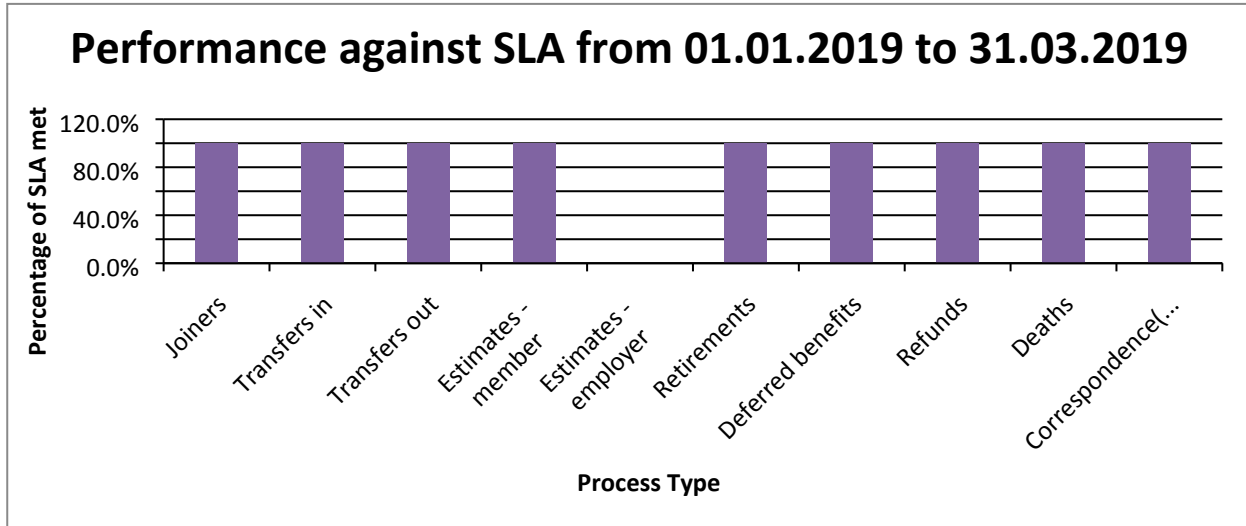
1.2 Performance Indicators

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 99.63%.



| | 01.04.2018 to 30.06.2018 | 01.07.2018 to 30.09.2018 | 01.10.2018 to 31.12.2018 | 01.01.2019 to 31.03.2019 | Performance against SLA % |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Admissions | 16 | 23 | 19 | 22 | 100% |
| Transfers in | 5 | 2 | 1 | 8 | 100% |
| Transfers out | 6 | 2 | 6 | 3 | 100% |
| Estimates - member | 45 | 23 | 30 | 30 | 100% |
| Estimates - employer | 1 | 0 | 0 | 0 | n/a |
| Retirements | 14 | 6 | 12 | 9 | 100% |
| Deferred benefits | 4 | 11 | 5 | 6 | 100% |
| Refunds | 0 | 2 | 0 | 1 | 100% |
| Deaths | 7 | 1 | 6 | 6 | 100% |
| Correspondence | 77 | 37 | 38 | 28 | 100% |
| Total Key Processes Completed | 175 | 107 | 117 | 113 | 100% |

LPP Service Complaints (Q4)

- A complaint has been received from a member whose pension record was not updated during the administration of his divorce in 2013 which led to pensions increase being applied to his full pension rather than the proportion paid following the divorce settlement resulting in an overpayment. The error was discovered following work LPP are undertaking to improve processes and data accuracy. An apology and full explanation has been sent to the member along with details on how he can escalate his complaint through the internal dispute resolution procedure.

Fire Authority Complaints (Q4)

- None

IDRP's (Q4)

- An IDRP was received in relation to the above complaint which was dismissed at Stage 1. The member made a Stage 2 application which was also dismissed. The member has been offered a £500 maladministration fee.
- Another IDRP was received in relation to re-enrolment and lack of notification which was dismissed at Stage 1.

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

1 Age Discrimination Case Update

The Supreme Court denied the Government's request for an appeal on 27 June 2019 in the McLeod case in respect of age discrimination and pension protection. London Pensions Partnership are waiting for details on the next steps but expect that the Home Office/Government will now start to work on a 'remedy'.

2 Amendment Regulations

As expected, the amendment regulations were released very soon after the consultation closed, these changes incorporated the amendments following the Walker v Innospec court case to award same sex partners improved benefits. London Pension Partnership have carried out a full check and notified any directly affected member, i.e. dependant pension already in payment and notified active, deferred and pensioner members.

The regulations also amended wording on 'Split Pensions' to bring these in line with processes already in place. Several other minor corrections were also put in place.

3 Government Actuary's Department (GAD) Factors

Amendments have been made to further GAD Factors. All amendments are slightly more attractive for scheme members, particularly as the Annual Allowance Scheme Pays factors have been moved to a single sex basis which is to the benefit of all male scheme members.

4 Cost Cap (Pause)

The expected improvement to all the public sector schemes following the 4-year valuation results have been placed on hold pending the decision on the age discrimination case. The initial expectation would have led to an improvement to an accrual rate of 1/51.2. The increased employer contributions rates still took effect from 1 April 2019.

5 Pensions Increase

As expected, the pensions increase has been confirmed as 2.4% for Fire Pension Scheme final salary benefits, the 2015 fire revaluation based on Average Weighted Earnings (AWE) is 2.8%.

6 Exit Cap

The Government have released a further consultation on the introduction of an exit cap across all public sector pension schemes, this consultation is due to close on 3 July 2019. London Pensions Partnership do not believe this will have any significant impact on the Fire Pensions Schemes.

7 New name Money advice service

The Government have laid the Financial Guidance and Claims Act 2018 (Naming and Consequential Amendments) Regulations 2019 which took effect on 6 April 2019.

The Order names the Single Financial Guidance Body, as the Money and Pensions Service.

London Pensions Partnership are amending references from The Pensions Advisory Service (TPAS) to the Money and Pensions Service on our websites, letters and communications. Internal Dispute resolution procedure (IDRP) documentation will also need to be updated.

SECTION 3 – ADDITIONAL PROJECTS

Guaranteed Minimum Pension (GMP) Reconciliation

London Pensions Partnership have received HMRC's responses to all reconciliation query submissions. HMRC had moved their expected response date back several times and committed to responding to all reconciliation queries by 30 June 2019. London Pensions Partnership will be working on the responses during Q2.

London Pensions Partnership also have concerns regarding HMRC's handling of outstanding Contributions Equivalent Premium (CEP) payments. HMRC's intention is to refund authorities that they believe have overpaid CEPs or bill authorities if they believe that there are CEPs outstanding. HMRC had originally intended to complete this process by mid-May but, due to concerns raised by Scheme Administrators, HMRC have delayed the billing process until September. London Pensions Partnership's concerns are based on the amount of information held on HMRC's records that is demonstrably incorrect. HMRC cannot demand payment of a CEP (or the Council will incur an enforced GMP) before they can assure Scheme Administrators that their records have been corrected or they confirm a mechanism by which administrators can dispute the liabilities being held under their scheme contracting out number (SCON). London Pensions Partnership have raised this issue with the London Pension Officers Group, which was also attended by the LGA, so that a coordinated response can be sent to HMRC. Although this is being raised via Local Government, it is an issue that also effects the Fire Brigade Scheme.

Amendments are currently being made to pensions in payment and letters are being sent out to individuals. Revisions are being worked on each week until all records have been updated and an update will be provided to Herts Fire once complete. Please note that we anticipated that there will be further revisions to follow once HMRC respond to the reconciliation queries.