



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Date **5 July 2018**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance Officer

SUMMARY

1. This report provides an update on the development of key items.
2. This report, together with attachments, provides the framework for this meeting agenda.

DEFERRED PENSIONERS

3. At the last board meeting there was a discussion about deferred members and how we keep in touch. HFRS has 818 deferred members and 86 of these Hampshire Pension Services have lost contact with.
4. Depending on which scheme the member was in when they left will depend on their retirement date. From the 1992 scheme this is age 60, from the 2006 scheme this is age 65 and from the 2015 scheme this is State Pension Age. Benefits need to come into payment by age 75 to ensure that they are not classed as unauthorised payments.
5. A summary of the lost contact deferreds and their payment dates are shown below.

Normal payment date reached	Number of lost contact deferreds
Already passed	2
0 – 5 years	3
6 – 10 years	8
11 – 20 years	16
20+ years	57
Total	86

6. When a deferred pension becomes due for payment, Hampshire Pension Services will pass the details to Target, this is a company that they use for tracing members with whom they have lost contact. This is done on a monthly basis.
7. A mortality trace will be performed first which determines whether the member is deceased or not. Depending on the results of this will define what happens next. Results are usually returned to Hampshire Pension Services within a couple of weeks.

EMPLOYEE AND EMPLOYER PENSION CONTRIBUTIONS

8. The Board asked for confirmation about what happens to employee and employer pension contributions when these are refunded. A flowchart is in APPENDIX A which highlights this information.
9. Pension contributions can only be refunded to a member of the 2015 scheme that has less than three months membership. If the member has opted out of the pension scheme, the employee's contributions are refunded via payroll. The monthly remittance to pay over the contributions will have a relevant adjustment in respect of the employer's contributions.

OPT OUTS

10. The Board will recall that we were going to contact the 96 fire-fighters that were not in any scheme at all. The 96 members received letters in early March, but there was such a disappointing response rate that collation of any meaningful data has not been possible.
11. We are planning to contact these members via email to see if more responses can be received. Further updates will be provided at a later date.

INJURY PENSION REVIEWS

12. The HR Department have agreed a process in principle. This is currently being drafted and once this is agreed will be implemented; this is planned for September 2018.
13. The process will involve writing to retired firefighters that have an injury award within a 3-5 year window after retirement, or where evidence has been obtained to show that their circumstances have changed and they are fit to work. The initial communication will require the retiree to complete and return a questionnaire.

14. The HR department are currently proposing that if there is no engagement from the member, that this will end the process and that no further action will be taken. The Board are asked to consider whether they are happy with this approach and if not, what action(s) they would recommend.

MEMBER – ONLINE ACCESS

15. Hampshire Pension Services have had the necessary upgrade to their software system to facilitate the introduction of the new Member Portal for Fire Pension Schemes.
16. The Employer Pension Manager attended an Employer Focus group on 21 June to understand the facilities that the new Member Portal will provide. These include: -
 - (a) Ability to view and amend personal details
 - (b) Ability to view Annual Benefit Statements
 - (c) Ability to perform own estimate calculations
17. Hampshire Pension Services are aiming to implement the Member Portal in December and further communications will be sent out nearer the time.

GENERAL DATA PROTECTION REGULATIONS (GDPR)

18. GDPR came into effect on 25 May 2018. This primarily concerns the privacy notices and confirming how personal data will be used. HFRA are the data controllers and Hampshire Pension Services are the data processors.
19. We are compliant with GDPR and notices have been published. This information will also be covered in the Annual Benefit Statements.
20. Hampshire Pension Services are drafting a Memorandum of Understanding (MOU) with regard to data sharing with employers, rather than use a full data sharing agreement. This will be issued in due course.

LIFE TIME ALLOWANCE FACTSHEET

21. Previously the Board has seen sight of the Annual Allowance factsheet. A copy can be found in APPENDIX B
22. The Employer Pension Manager has now written a Life Time Allowance factsheet. The Board are asked for their views on this which can be found in APPENDIX C.

23. It is proposed that these factsheets will be published on the Employer Pension web pages and will provide a useful tool for members and employers.

SCHEME RECONCILIATION

24. The Board will recall that the Scheme Reconciliation was mentioned in the February report. The deadline for completing the reconciliation between Hampshire Fire Pension records and HMRC's records is December 2018.
25. Hampshire Pension Services are working closely with Civica and Intellica to complete this reconciliation and the Board will be pleased to note that they are on track to complete this work within the timescales provided.

CONSULTATION ON REGULATION CHANGES

26. The Home Office launched a consultation on 16 April 2018 regarding
- (a) Changes to survivors' benefit arrangements in the 2006 scheme. This was in relation to the Supreme Court judgement in the case of Brewster.
 - (b) A number of unrelated minor amendments to the legislation for all schemes to ensure that certain limited aspects of the schemes work as originally intended.
27. This consultation was issued to the Employer Pension Manager as a member of the Fire Technical Group, and then taken to the Fire employer Group for discussion. This is an important role of the Fire Employer Group in ensuring that up-coming legislative changes are communicated to the relevant parties so that the necessary action can be taken. This will hopefully aid HFRA in avoiding missing any regulation changes as they did with Temporary Promotions.
28. We replied to this consultation via the LGA and stated that we had no issues with the proposed new legislation.

ADDITIONAL PENSION BENEFIT'S AND TEMPORARY PROMOTIONS

29. We have undertaken some work to further establish the benefits of an Additional Pension Benefit (APB) as a result of a Temporary Promotion (TP). Through the regional Fire Pension Officer Groups we asked FRA's to respond to some questions regarding their approach to the legislative change on 1 July 2013.

30. Responses were received from 12 other FRA's; a summary of these are shown in APPENDIX D
31. The results show that from the responses received there is a 50/50 split over whether TP's are treated as pensionable or not. For those not making it pensionable the reasons given were:
- (a) Cost
 - (b) Pressure on cost cap
 - (c) Limited benefit to firefighters
 - (d) Administrative complexity
32. It is important to remember that TP's are only pensionable for members in the 1992 or 2006 schemes. TP's are not pensionable at all for members after they have tapered into the 2015 scheme.
33. Across the different schemes tapering can affect members depending on age and scheme at 1 April 2012. Tapering can occur up to 31 March 2022. The status of the schemes is as follows:

Scheme	Active members at 31/03/2018	Members that will taper up to 31/03/2022	Members at 01/04/2022
1992	158	65	93
2006	44	26	18
2006 Modified	33	2	31
Sub Total	235	93	142
2015	936		
Total	1,171		

34. Based on the figures at 31 March 2018 above, the scheme totals (assuming no new entrants and no leavers) are shown below

Scheme	Members in scheme at 01/04/2022
1992 – Protected members	93
2006 – Protected members	18
2006 Modified – Protected members	31
2015	1,029
Total	1,171

35. These tables show that the number of members that could benefit from an APB as a result of current or future TP's is reducing.
36. Illustrative examples of pension contributions paid out versus APB awarded have been produced these now include the estimated time taken for the employee to recover the pension contribution costs after retirement. The illustrations can be found in APPENDIX E and APPENDIX F.

37. The timescales for recovery will be reduced in two ways
 - (a) The APB will increase each year in line with Consumer Price Index (CPI) and
 - (b) If the member elects to commute then some of the clawback will occur immediately
38. A meeting was held recently with the Fire Representative Bodies; the issues surrounding the benefit of TP's being pensionable were discussed. They support a continuation of the original decision that TP's within the 1992 or 2006 Schemes remains pensionable.
39. Because a member can earn back their additional contributions in around 6 years and as the feedback from the Unions is that they are in favour of keeping TP's pensionable; our recommendation is to keep the TP's pensionable. The Board are asked to endorse this decision.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

40. After a formal complaint has been raised, the IDRP is the next part of the appeal process. Currently this is formed of two stages. Each stage has a different decision maker to ensure that there is objectivity and impartiality with the decisions.
41. The length of time between the complainant raising a Stage One appeal and receiving a decision from Stage Two can be quite lengthy, partly due to the time taken to collate the necessary information and partly due to the response times permitted within the guidance.
42. There is no legislation for Fire Pension schemes which prescribes that an IDRP must be two stages as there is for Local Government Pension Scheme. Guidance was drawn up and issued by CLG in 2009 after consultation with the Firefighter's pension committee and the unions which recommended that the two stage process should remain in place.
43. Clair Alcock from the LGA has a view that this guidance was introduced before the requirements of the Public Services Pension Schemes Act 2013 for pension boards in an effort to try and introduce some kind of Fire Authority governance over decisions that are being taken. Clair is taking a paper to the SAB meeting on 20 June for them to consider revising the guidance.
44. From the IDRP's that Hampshire has received, It is clear that the second stage does not currently add any value to the process as the trend shows that the decision made at stage one is always upheld. The Board are therefore asked for their views on moving to a single stage IDRP process.

WEST SUSSEX PENSION ADMINISTRATION

45. Hampshire Pension Services have been successful in obtaining the pension administration for West Sussex County Council; this also includes the administration of West Sussex Fire pensions.
46. The timetable for the transfer of the administration does have very tight timescales and is expected to be completed in early 2019.
47. This will obviously mean an increase in workload for Hampshire Pension Services but they are confident that this will not affect their service standards. They are in the process of recruiting more staff and over time this will increase the knowledge and experience of those dealing with the pension schemes and in particular the complexities of the Fire Pension schemes.

SURVEYS

48. The TPR Administration Scheme survey 2017 summary can be found in APPENDIX G. The full results can be viewed on TPR's website here <http://www.thepensionsregulator.gov.uk/docs/public-service-research-2018.pdf>
49. The results of this survey were presented by Neil Wilson from the TPR, in great detail, at the Police and Fire Local Pension Board Governance conference. This was attended by the Transformation Finance Manager and the Employer Pension Manager.
50. The conference covered many items relating to governance, these included
 - (a) A reminder from TPR that they are able to visit each Fire Local Pension Board to give a talk. The Board are asked for their views on this
 - (b) The frequency of Local Pension Board meetings and that ideally these should be quarterly and therefore have four meetings a year. Hampshire has three meetings a year. The Board are asked for their views on this
 - (c) Questions were raised around the effectiveness and duties of Local Pension Board members and especially about what value added activity Board members were doing outside of attending the Board meetings.
51. There was also a Local Pension Board Effectiveness Committee survey, the results from 32 FRA's can be viewed on the SAB website here <http://www.fpsboard.org/images/PDF/Bulletin6/Appendix3.pdf>

52. TPR's 2018 annual survey will include a new section on measuring the status of common and conditional data for all pension records. TPR will need answers to questions about when data was last measured and the accuracy of the data that is held.
53. Please refer to APPENDIX H which is a report from Hampshire Pension Services about how they are going to deal with this requirement.

COMMUNICATION

54. The Employer Pension Manager has given presentations on the pre retirement course on 20 February; the next one is on 12 July.
55. She has also given 3 pension presentations at Cosham Fire Station during April and May, and one at Basingstoke in June, there is another one scheduled at Basingstoke in September.
56. We have started a rolling programme of bitesize "pension hot topics" to appear in Routine Notice. The first one went out in early April and pointed members to the new employer web pages. This was more of an introduction to pensions.
57. The item at the end of May was about Annual Benefit Statements and the need to update their home address in ESS by the end of June.
58. The "pensions hot topic" for June was after the "Pensions" button on the fire portal home page went live. This covered a notice about the new button, but also three common queries for those with 1992 benefits that have tapered or will taper into the 2015 scheme: -
 - (a) You can still retire at the same time you initially planned to. The only question is what happens to your 2015 portion. Further information about [when to leave or retire](#) can be found on the [pension web pages](#)
 - (b) You can make different decisions about when to take each portion of benefits and about any commutation. What you do for one, you do not have to do for the other.
 - (c) When you leave or retire, your 1992 portion will be based on your substantive average final pay in the last 365 days to date of leaving. Or the best of the last three years if the latest year is not the highest.
59. The strategy of communication is to raise awareness of pensions in general and to help dispel some myths that surround the schemes, but to do so in easy to digest, short, bitesize chunks.

60. We have asked for any suggestions for future “pensions hot topics” and also each one will prompt and remind members about the employer pension web pages. The Board are asked to consider if they have any suggestion for topics.
61. Reports for the number of page views on the employer pension web pages are received monthly. These show that the communications we are putting out are reaching some as there are peaks at those times.
62. The table below shows the page views expressed as a percentage of employees, for comparison, the Police and Local Government Pension Schemes (LGPS) pages have been included.

Employer pension scheme pages	Jan to Mar 2018	Apr 2018	May 2018
HFRA - Fire Pension Scheme pages	16.0%	25.3%	6.2%
HFRA – LGPS pages	16.5%	55.8%	42.6%
Hampshire Constabulary – Police Pension pages	13.9%	0.5%	2.5%
Hampshire Constabulary – LGPS pages	18.6%	2.3%	1.4%
Hampshire County Council – LGPS pages	0.2%	1.4%	1.2%

RECOMMENDATION

63. The Board are asked to approve the approach to injury pension reviews as set out in paragraphs 11-13
64. That the Life time allowance factsheet as set out in paragraphs 20-22 and APPENDIX C, be endorsed by the Board
65. That the Board endorse the decision to keep temporary promotions in the 1992 and 2006 schemes pensionable as set out in paragraphs 26-35 and APPENDIX E and F
66. That the Board note the approach and information contained in the report at APPENDIX H

APPENDICES ATTACHED

67. APPENDIX A - Fire Pension contribution refunds
68. APPENDIX B - Annual Allowance factsheet
69. APPENDIX C - Lifetime Allowance factsheet
70. APPENDIX D - FRA responses to survey
71. APPENDIX E – 1992 Illustration of APB

72. APPENDIX F - 2006 illustration of APB
73. APPENDIX G - TPR 2017 administration survey summary
74. APPENDIX H - Report from Pension Services – conditional data
75. APPENDIX I – Statement of record keeping
76. APPENDIX J – UPM validations
77. APPENDIX K – LGA draft conditional data items

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