

Annual administration report 2023/2024



**Hampshire
& Isle of Wight**
FIRE & RESCUE SERVICE

Working in partnership with



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1. Summary

- 1.1. The purpose of this report is to update Hampshire Fire & Rescue Authority an annual summary of pension administration for 2023/24.

2. Background

- 2.1. Hampshire Pension Services administer the Fire pension schemes on behalf of Hampshire & Isle Of Wight Fire & Rescue Authority.
- 2.2. Hampshire Pension Services also administer the Local Government Pension Schemes for West Sussex County Council, Hampshire County Council, Westminster City Council and the London Borough of Hillingdon; the fire pension schemes for West Sussex Fire & Rescue and the Police Pension Schemes for Hampshire.

3. Summary Review of the past 12 months

- 3.1. The past 12 months has seen continued strong performance in the delivery of pension administration for Hampshire Fire schemes; our partnership working is excellent, and relationships remain strong.
- 3.2. Particular highlights include:
 - 100% delivery against performance targets.
 - Maintained good data quality – high TPR data scores maintained and completion of benefit statement production reflect the annual returns, and day-to-day work completed throughout the year.
 - 100% of active benefit statements and 99.92% of deferred benefit statements produced and published within the statutory deadline.
 - Continued increase in Member Portal registrations – 54.59% of all members registered.
 - Significant development of our online services for Members.
 - Significant work undertaken and processes implemented to monitor and improve Cyber Security.
 - Achieved re-accreditation of Customer Service Excellence award, with 6 ‘compliance pluses’ where expectations are exceeded.

4. Membership

- 4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

	Active*	Deferred	Pensioner	Total
2015	1,300	824	69	2,191
2006	0	417	94	513
2006 (Modified)	0	38	124	162
1992	0	76	1,140	1,216
GRAND TOTAL	1,300	1,355	1,427	4,082

*Leavers which are waiting to be processed are included in the active membership.

5. Administration performance

- 5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.
- 5.2. The table below shows performance from 1st March 2024 to 31st March 2024; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days).

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	Total	% completed on time	Average days taken to complete	Total Cases (previous month)	% completed on time (previous month)
Active Retirement	1	0	0	0	0	1	100.00%	4	2	100%
Deferred Retirement	1	1	0	0	0	2	100.00%	6	0	100%
Estimates	0	0	5	0	0	5	100.00%	13	11	100%
Deferred Benefits	0	2	5	1	0	8	100.00%	13	4	100%
Transfers In & Out	0	1	0	0	0	1	100.00%	7	0	100%
Divorce	0	0	0	0	0	0	100.00%		1	100%
Refunds	0	0	0	0	0	0	100.00%		0	100%
Death Benefits	2	0	0	0	0	2	100.00%	3	1	100%
GRAND TOTAL	4	4	10	1	0	19	100.00%		19	100%

5.3. The table below shows performance for the last 12 months; 1 April 2023 to 31 March 2024.

Time to Complete								
Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	Total	% completed on time	Total Cases (2022/23)
Active Retirement	6	16	4	0	0	26	100.00%	25
Deferred Retirement	3	4	1	0	0	8	100.00%	4
Estimates	13	27	43	0	0	83	100.00%	76
Deferred Benefits	10	21	35	31	4	101	100.00%	142
Transfers In & Out	1	2	4	0	0	7	100.00%	12
Divorce	4	3	8	0	0	15	100.00%	7
Refunds	0	0	0	0	0	0	100.00%	0
Death Benefits	18	0	1	0	0	19	100.00%	21
GRAND TOTAL	55	73	96	31	4	259	100.00%	287

Complaints

5.4. We did not receive any complaints during 2023/24 from a members of the Hampshire Firefighters' pension scheme.

6. Audit

6.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for Hampshire and samples contain members from all pension schemes we administer. The following internal audits relating to pensions administration for 2023/24 have been completed:

Audit Area	Timing
<p>Pension Refunds:</p> <p>To assess that there are appropriate arrangements to ensure all refunds are valid, accurate and are paid promptly to the correct recipients following a validated request to withdraw from the schemes administered by HPS.</p>	Substantial assurance confirmed
<p>UPM – Application Review: <i>(This has been identified as a new audit review area)</i></p> <p>Assurance over the management of the UPM application, including supporting infrastructure such as servers, databases, pre-production environments and system changes.</p>	Reasonable assurance confirmed – all actions have since been completed.

Audit Area	Timing
<p>Pensions payroll and benefit calculations: Annual review to provide assurance that systems and controls ensure that:-</p> <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	Substantial assurance confirmed

6.2. The pensions administration audits being completed in the coming financial year are as follows.

Audit Area	Timing
<p>Pension leavers Audit of the controls to ensure accurate, prompt and complete administration of pension leavers, including the production of on-going annual benefit statements within agreed timescales, by HPS.</p>	Quarter 2/3
<p>Pension starters Review of the control framework to support appropriate, complete and prompt admission of new starters to the various pension schemes administered by HPS.</p>	Quarter 3
<p>Cyber Security To provide assurance over the cyber security arrangements within HPS.</p>	Quarter 3
<p>Pensions payroll and benefit calculations Annual review to provide assurance that Hampshire Pension Services' (HPS) systems and controls ensure that:-</p> <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	Quarter 3/4

7. Customer Service Excellence (CSE)

- 7.1. On 23rd January 2024 we completed a re-assessment of our CSE accreditation. The feedback report confirmed that we continue to meet the required CSE standards across the 57 areas assessed.
- 7.2. We were awarded 'compliance pluses' against 6 areas, which shows that we are performing to a very high standard against these CSE requirements;
- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
 - We empower and encourage all employees to actively promote and participate in the customer focused culture of our organisation.
 - We can demonstrate our commitment to developing and delivering customer focused services through our recruitment, training and development policies for staff.
 - We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.
 - We make our services easily accessible to all customers through provision of a range of alternative channels.
 - We can demonstrate that we benchmark our performance against that of similar or complimentary organisations and have used that information to improve our service.

8. Data Improvement

The Pensions Regulator (TPR) Data Scores

- 8.1. In November 2023 we calculated the common and conditional data scores for submission to the Pensions Regulator, as follows.

Scheme	Common Data Score		Conditional Data Score	
	2023	2022	2023	2022
Fire 1992	99%	99%	96%	96%
Fire 2006	96%	96%	99%	99%

	Common Data Score		Conditional Data Score	
Fire 2006 Modified	97%	98%	97%	98%
Fire 2015	99%	99%	98%	97%

8.2. The following table captures detail that TPR do not request but provides context to the percentages above.

SCHEME	Number of Records Assessed	Number of Records failing one or more Common data checks	Number of Records failing one or more Conditional data checks
Fire 1992	1,226	14	53
Fire 2006	541	24	6
Fire 2006 Modified	162	5	5
Fire 2015	2,165	25	53

8.3. Due to the movement in membership over the last year, the scores above are not based on a like-for-like group. For example, the total membership has increased; some active members last year, are now deferred or pensioner members, and the data validations for each status are different.

8.4. There are no standout data issues, and it is important to highlight that the payment of retirement benefits, are not impacted in any way.

9. 2023/2024 Achievements

Performance

9.1. Throughout 2023/2024 we have maintained 100% performance for all measurable BAU work.

9.2. Each monthly pensioner payroll was run successfully and without delay.

9.3. Our Pensions Customer Support Team have received 632 calls for Hampshire Fire members in 2023/24, of which 24 calls were abandoned by the member. This equates to an answer rate of 96.20% for 2023/24.

- 9.4. Throughout 2023/24 the average maximum call wait time was 64 seconds for Hampshire Fire members – this includes abandoned calls – which demonstrates that members are not waiting for a substantial amount of time before abandoning their call.

2023 Annual Return

- 9.5. We agreed an extension to the deadline of submission for the 2023 return from 30th April 2023 to 31st May 2023 to allow the backdated pay award to be reflected in information provided. The return was received on 30th May 2023.
- 9.6. A total of 32 queries were sent including 15 missing starters, 4 missing leavers, 12 missing data rows, and 1 other. Queries were responded to promptly.

Member Portal

- 9.7. Active, Deferred and Pensioner members of the Hampshire Firefighters’ pension scheme have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60’s, and complete their retirement declaration form online.
- 9.8. The table below shows the total number of registrations – since the portal was made available to members in March 2019 – for each status as of 31 March 2024, compared to the previous year end position.

Status	Registrations to 31 March 2024	% of total membership	Registrations to 31 March 2023	% of total membership
Active	783	60.23%	677	52.24%
Deferred	551	40.66%	486	37.10%
Pensioner	895	62.68%	786	56.83%
TOTAL	2,229	54.59%	1,949	48.86%

- 9.9. We actively encourage all members to register for and use the Member Portal and have further developed the online service to support this focus.
- 9.10. The table below summarises the engagement with members:

Engagement	Active	Deferred	Pensioner	Total
Portal	783	551	895	2,229
Opt out	0	3	306	309
No contact	517	801	226	1,544
Total	1,300	1,355	1,427	4,082

Annual Benefit Statements and Pensions Savings Statements

- 9.11. A significant amount of work was carried out to ensure that all active and deferred Hampshire firefighter members received a benefit statement in 2023, and the final position was as follows.

Membership Status	Number of Members without a Benefit Statement	Percentage of Members in receipt of a Benefit Statement
Active	0	100.00%
Deferred	1	99.92%

- 9.12. There were no Pension Savings Statements (PSS) issued in 2023, as the members identified as requiring a PSS are also in scope for McCloud Remedy, and therefore a statement will be issued to them in 2024 which will set out the recalculation of their annual allowance position for the Remedy period, plus the 2023 and 2024 position.

10. Software Developments for 2024/2025

- 10.1. The development plan for 2024/25 will focus on further enhancing the functionality and experience of using our Member Portal, as well as improving the efficiency of back-office processes - key improvements are as follows.

Member Portal

- Continue to convert existing paper forms to online versions, so the member can share information with us securely, without cost to them, and UPM processes are started automatically.
- Implementation of 'Track My Case' – for processes such as Retirement and Transfers Out, so the member can check the progress of our calculations and payment without needing to contact us.
- Auto-generated email acknowledgements – to be sent to members when their personal or bank details are updated online.

UPM application

- Review of printing volumes and behaviours, to increase email and online communication, and reduce cost of printing and postage.
- Further automation of bulk processing – annual CARE Revaluation and Valuation UDE – so staff can focus on casework and processes which require their input.

11. McCloud

Data and Project Approach

- 11.1. All Hampshire & IOW firefighters who qualify for Remedy and have left the scheme since 1st October 2023, have been processed correctly, and in accordance with the regulations laid to correct the age discrimination. All members are issued an immediate choice remedial service statement (IC-RSS) – in a format we have designed, due to the delay in templates being issued by the LGA – and once we have received their choice election, benefits are brought into payment accordingly.
- 11.2. Warm up communications – based on LGA issued templates – were issued to all members in scope for Remedy, in November 2023, to explain when we would be in contact with them again, to set out the legacy and remedy benefit options.
- 11.3. We have been preparing to issue the IC-RSS calculations for ill health pensioners and beneficiaries of deceased members, whose benefits were originally calculated prior to 1 October 2023. The deadline for these two cohorts to receive IC-RSS has been extended to 30th June 2024, following a delay in guidance, and working GAD calculator, which needs to reflect the rules regarding unauthorised payments and tax payable on interest payments.
- 11.4. We have been advised that it is very unlikely the GAD calculator will be available by 30th June, and therefore the LGA, with support from SAB, have suggested three approaches to issuing IC-RSS – the LGA note explaining each approach is attached in Appendix 1.
- 11.5. Our preference is to adopt a variation of Option 3, whereby interest is not calculated on either the contributions due from the member, or on the payment of arrears due to the member – further discussion with the FRA and Scheme Manager is required, before we proceed.
- 11.6. Civica have confirmed that we will receive the software required to produce DC-RSS for active and deferred members, in April, so we can complete testing and as long as there are no significant issues found, we will then arrange delivery of the software to our 'Live' environment as quickly as possible to allow enough time to produce the DC-RSS by 31st August 2024.

Regulations and Guidance

- 11.7. On 19th May 2023, we submitted our response to the consultation on the Firefighters' Pension Schemes (Remedial Service) Regulations 2023.
- 11.8. On 24th May 2023, HMRC launched a consultation on draft tax regulations which set out changes to how pensions tax rules will apply as a result of the public service pensions remedy – we were in agreement with the proposals and therefore chose not to respond.
- 11.9. In July 2023, the Firefighters' Pensions (Remediable Service) Regulations 2023 were laid, and effective from 1st October 2023.

- 11.10. Various guidance has been issued by the LGA, to support the implementation of Remedy, but the lack of clear direction, and room for interpretation has caused some confusion for Scheme Managers, Fire Authorities and Administrators. We are discussing with and seeking approval from the Hampshire & IOW FRA before making any decisions regarding the Remedy for their firefighters.

12. Pensions Dashboards

Preparation for onboarding

- 12.1. Over the last year, we have attended all dashboard related webinars, hosted by the PDP and/or the Pensions Regulator to ensure we are fully informed of progress and what is expected of us as administrators.
- 12.2. An updated report on the PDP was shared with Partners in October 2023 – this is a working document and will be updated annually, with monthly updates provided in administration reports.
- 12.3. Our focus in 2024 will be to work with Civica to implement all the necessary ISP software – the first software release is expected in early Summer 2024.
- 12.4. Where possible, we will be cleansing the specific data items required to comply with dashboard regulations. Some ‘find’ (personal) data issues may be unknown to us, until the dashboard is made available to users, but we are confident in the current quality of ‘value’ (benefit) data, due to the high rate of benefit statement production.

Regulations and Guidance

- 12.5. On 8th June 2023, a written ministerial statement was issued confirming that amended regulations would be laid with a new approach to delivery. The previous staging timeline set out in legislation, was replaced with a connection deadline of 31 October 2026.
- 12.6. However, the PDP remained in a state of ‘reset’ until 4 October 2023, when they held a webinar to reintroduce pensions dashboards.
- 12.7. In December and January, we attended other webinars lead by the PDP, covering:
- The dashboard architecture and find and view data
 - Connection guidance and understanding AVCs and value data
- 12.8. On 25th March 2024, a written ministerial statement was issued providing an update on the publication of connection guidance which includes the new staging timeline for connecting to pensions dashboards.

- 12.9. On 26th March 2024, The Pensions Regulator issued a “Know your 'connect by' date” email to all public service schemes confirming that we must connect to dashboards by 31st October 2025.

13. Cyber Security

- 13.1. In December 2023, we shared our latest Cyber Compliance statement with all Partners. The statement is reviewed annually in December.
- 13.2. As previously explained, we have moved to a 6-monthly penetration testing cycle, with the last test being completed in November 2023, and the next scheduled for May 2024.
- 13.3. We felt it was important to work with a new external tester in November, who had no prior experience of UPM, the Member Portal or Employer Hub, and Intertek were appointed. They subsequently provided a detailed security report to our IT department, who we worked with, alongside Civica, to address the vulnerabilities identified.
- 13.4. The one remaining High vulnerability will be addressed in the next main UPM release.
- 13.5. The view of both Intertek and our IT department is that UPM, the Member Portal and Employer Hub are in a strong position security wise, in comparison to other similar applications and websites.

14. Looking ahead to 2024/25

2024 Year End

- 14.1. The timeline of key events for the 2024-year end, including the production of benefit statements is set out below.

Completed	Task
14/03/2024	2024 Pensions Increase to be applied to all advance pensions in payment.
31/03/2024	Annual Return request and template sent to FRA.
16/04/2024	2024 Pensions Increase to be applied to all arrears pensions in payment.
30/04/2024	Annual return deadline for FRA
March to May 2024	Pensioner Mailings (including April/May payslips, P60's and newsletter)
31/05/2024	2024 Pensions increase applied to all deferred benefit members.

Completed	Task
30/06/2024	Employer Services to complete upload of Annual Return (AR); assuming all data received from, and queries answered by FRA.
30/06/2024	CARE pension revaluation for Active members
31/07/2024	Deferred Benefit Statements (DBS) to be produced.
31/08/2024	Active Benefit Statements (ABS) and DC-RSS (for McCloud Remedy members) to be produced.
05/10/2024	Latest date Pensions Savings Statements sent
31/10/2024	Latest date e-comms sent to members with benefit statement available on Member Portal.
30/11/2024	Life Certificates issued to Overseas Pensioners.
30/11/2024	TPR Scheme Return (<i>expecting TPR to return to November deadline this year</i>)
01/12/2024	GAD Valuation data deadline – <i>exact date TBC but expecting this to be in December.</i>

14.2. All the project and development work described above, alongside business-as-usual activities for 2024/25, are captured in a high-level plan in the attached Appendix 2.

