



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Date **19 FEBRUARY 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.

ADDITIONAL PENSION BENEFIT'S AND TEMPORARY PROMOTIONS

3. The Board asked for some further analysis on Additional Pension Benefits. This is underway and ongoing and a report will be provided at the next Pension Board meeting.

ILL HEALTH AND INJURY PENSION REVIEWS

4. The HR Department have taken on the ill health and injury pension review work although this has not started as yet due to lack of resources. They plan to start this during the first quarter of 2018/19 and further updates will be provided to the Board as and when details are known.

TRAINING - TRAINING NEEDS ANALYSIS / TAX SEMINARS

5. Pension Board members were asked to complete a new Training Needs Analysis form and the results of this can be found in APPENDIX A.
6. Although no major issues have been highlighted from the TNA, the Board are asked to consider and put forward any suggestions for training topics.
7. Board members were all invited to attend the tax seminars that were organised by SAB and LGA and put on at Barnett Waddington offices, it is hoped that for those that attended that it was found to be useful and informative.

ANNUAL ALLOWANCE FACTSHEET

8. The Pension Board members will be aware of how complex the issue around Annual Allowance (AA) is and that more and more members are being affected by it.
9. In preparation for AA in 2018 a factsheet has been prepared, which could be published / issued to members around the time of Annual Benefit Statements. This can be found in APPENDIX B and the Board are invited to comment on this.

PRESENTATIONS

10. The Employer Pension Manager has given presentations on the pre retirement course on 15 November; the next one is on 20 February.
11. She has also given pension presentations at various Fire Stations, Gosport on 23 November, Redbridge on 6 December and at Fareham on 5 February.
12. For the most part, these have been very well received and well attended, with lots of questions and engagement from those that attended. There is definitely an appetite to have more information about pensions available and to have someone explain the schemes to them; this is also evident on social media.

SURVEYS

13. The TPR issued a survey around governance and administration and this was completed and returned.
14. SAB also issued a survey and although this covered some similar questions to the TPR one, it was necessary to complete as TPR do not share the data with SAB.

ALLOWANCES AND ARA'S PROJECT

15. This is progressing according to the project timeline. A new pay and allowances handbook has been written by HR which clearly defines the criteria to receive payment of any of the pay and allowances paid.
16. A similar style handbook and revised policy has also been drawn up in relation to Additional Responsibility Allowance (ARA).
17. For both the Allowances and the ARA's a new governance process will be put into place with more stringent controls for commencing or ceasing payment of an allowance, along with ongoing audit controls and any pension implications.

18. Both of these new handbooks are going to the Unions and Rep bodies for a consultation period starting in February 2018.

ANNUAL BENEFIT STATEMENTS (ABS')

19. The Employer Pension Manager has been asked to provide feedback on the ABS templates. A number of comments have been raised, including adding some notes about Annual Allowance, and showing the value of any Additional Pension Benefits (APB) separately.
20. Pensions Services will be evaluating all feedback received and final versions of the ABS' will be sent to the Board members when they are available.

MEMBER SELF SERVICE

21. Pensions Services are looking at whether this can be extended to the Fire Pension Schemes.
22. It is hoped that the new software upgrade, due to be installed during February 2018, will provide an enhanced registration process. This should make it easier for users to sign up to the Member Self Service and in addition there should be less manual intervention required from Pension Services.
23. Further work is required to develop this new registration process and Pension Services hope to be able to confirm the likely timeframe for roll out in the next few months.

GMP RECONCILIATION

24. Members that contributed to an Occupational Pension Scheme such as the Fire Pension Scheme between 6 April 1978 and 5 April 2016 were Contracted-Out of the Additional Pension part of the State Pension Scheme (also known as State Second Pension or SERPS). Whilst being in a Contracted Out pension scheme the member and the employer will have paid a reduced rate of National Insurance.
25. An Occupational Pension Scheme has to provide a minimum pension called a Guaranteed Minimum Pension (GMP) to members that were Contracted Out. This is broadly equivalent to the amount the member would have received had they not been contracted out.
26. HMRC ceased Contracting Out from 6 April 2016 with the introduction of the new State Pension. Up to this date, HMRC tracked all movements of GMP liabilities between pension funds. With effect from 6 April 2016 HMRC no longer record this information.

27. HMRC have given all UK Pension Schemes until December 2018 to reconcile their membership with HMRC records.
28. In January 2015, Hampshire Pension Services received the “leaver data” from HMRC. This was anyone that had left Contracted Out service where HMRC had the GMP liability attributed to Hampshire Fire Pensions. Work on this data for Fire Pension Schemes was completed in May 2016.
29. Details of all “active members”, those that were contributing to a scheme on 6 April 2016, were sent to Pensions Services in April 2017. Hampshire Pension Services are now working with Civica and Intellica to find a way forward to enable records to be checked, queried and corrected where applicable.

TIMELINE OF STATUTORY WORK

30. At the last Fire Pension Board meeting, the Pension Board asked for a schedule of activities relating to Pensions. A timeline of statutory pension activities is included in APPENDIX C

OPT OUTS

31. The Board will recall that there was a spike in optant outs for 2016/17 for whole-time firefighters. Further analysis of this data has shown that almost all of the whole-time new joiner optant out employments were a temporary / fixed term contract.
32. At the end of December 2017, there were 1,119 firefighters employed in 1,395 roles, of which 709 were whole-time contracts and 686 were RDS contracts.
 - 129 RDS contracts that are not in any Fire Pension Scheme, this is 19% of the RDS employments
 - 80 whole-time contracts that are not in any Fire Pension Scheme, this is 11% of the whole-time employments
 - 96 firefighters are not in any Fire Pension Scheme at all, this is 9% of people
33. It was agreed that we would contact those that were not in the Fire Pension Scheme to try and establish why they may have chosen to not be a member. A draft letter together with proposed questions can be found in APPENDIX D and the Board are invited to comment on any amendments.

LETTERHEAD TEMPLATES

34. For many years, Hampshire Pension Services have been using the Hampshire Fire and Rescue Authority logo on their letterhead for written communication to operational Fire staff in one of the Fire Pension Schemes.
35. The same logo is used by the IBC and HR and as the employer it makes sense for the IBC and HR departments to use this logo.
36. Confusion can arise as many staff do not appreciate that there is a difference between the employer and Pension Services, this issue is compounded by the fact that they appear to use the same headed paper and are based at the same address. Although we have attempted to provide clarity on these differences it is going to take some time for this message to filter through.
37. Hampshire Pension Services would be willing to change the heading on their letterhead. APPENDIX E has examples of the current letterhead, the letterhead used for Local Government Pension Scheme members and a couple of suggested alternatives. The Board are invited to discuss their opinions on this matter and to make suggestions about what alternative letterhead Pension Services should use.

RECOMMENDATION

38. That the request for training, as set out in paragraphs 5 – 6 and APPENDIX A, be noted by the Hampshire Fire Pension Board
39. That the Annual Allowance factsheet, as set out in paragraphs 8 – 9 and APPENDIX B, be endorsed by the Hampshire Fire Pension Board
40. That the timeline for Statutory pension deadlines, as set out in paragraph 30 and APPENDIX C, be noted by the Hampshire Fire Pension Board
41. That the opt out survey letter, as set out in paragraphs 31 – 33 and APPENDIX D, be endorsed by the Hampshire Fire Pension Board
42. That the letterhead to be used by Pension Services, as set out in paragraphs 34 – 37 and APPENDIX E, be endorsed by the Hampshire Fire Pension Board

APPENDICES ATTACHED

- 43. APPENDIX A – Training Needs Analysis summary
- 44. APPENDIX B – Annual Allowance factsheet
- 45. APPENDIX C – Statutory deadlines for Pension activities
- 46. APPENDIX D - Draft letter & questions to members not in scheme
- 47. APPENDIX E – Pension Services letterhead templates

Contact:

Claire Neale, Employer Pension Manager, claire.neale@hants.gov.uk,
01962 845481