

Administration report

2022/2023



**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 the Hampshire & IOW Fire Pension Board with the 2022/23 position of scheme membership; performance against service level agreements and to provide other important and current information about the administration of the Hampshire & IOW Fire pension schemes.

2. Background

- 2.1. Hampshire Pension Services (HPS) administer the Fire pension schemes on behalf of the Chief Fire Officer, under the Joint Working agreement between Hampshire County Council, Hampshire and IOW Fire & Rescue Authority (HIWFRA) and the Chief Constable of Hampshire and IOW Constabulary.
- 2.2. Responsibility for the fire schemes sits with the HIWFRA as the scheme manager. HPS therefore administer the schemes in accordance with the statutory regulations and any instructions from the FRA on discretionary matters. The FRA are part of the shared services arrangements, so all salary and service information required for pension calculations is provided to HPS by the IBC.
- 2.3. HPS also administer the Local Government Pension Scheme for the Hampshire Pension Fund, West Sussex Pension Fund, London Borough of Hillingdon and City of Westminster as well as the West Sussex firefighter schemes and the police pension schemes on behalf of Hampshire and IOW Police.

3. Membership

- 3.1. The table below details the number of members against status for each of the Firefighters' pension schemes as of 31 March 2023. Active members affected by the McCloud remedy were moved into the 2015 scheme on 1 April 2022 and will move back into their legacy scheme on 1 October 2023.

Scheme	Active	Deferred	Pensioner	Total
2015 Scheme	1,296	761	10	2,097
2006 Modified Scheme	0	43	118	161
2006 Scheme	0	428	83	511
1992 Scheme	0	78	1,142	1,220
Grand Total	1,296	1,310	1,383	3,989

4. Administration performance

- 4.1. Pensions Services' performance against agreed service level agreements (SLA) for key processes are monitored monthly. The SLA is 15 working days for all processes apart from the calculation of deferred benefits which is 30 working days.

4.2. The tables below show performance for the four quarters of 2022/23.

Q1 April – June 2022

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	3	4	5	0	0	12	100.00%
Deferred Retirement	0	1	0	0	0	1	100.00%
Estimates	4	11	12	0	0	27	100.00%
Deferred Benefits	9	9	11	16	0	45	100.00%
Transfers In & Out	1	0	1	0	0	2	100.00%
Divorce	0	0	0	0	0	0	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	1	0	0	0	0	1	100.00%
Grand Total	18	25	29	16	0	88	100.00%

Q2 July - September 2022

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	3	0	4	0	0	7	100.00%
Deferred Retirement	0	0	0	0	0	0	100.00%
Estimates	4	3	3	0	0	10	100.00%
Deferred Benefits	4	6	6	17	4	37	100.00%
Transfers In & Out	1	1	1	0	0	3	100.00%
Divorce	0	0	0	0	0	0	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	11	0	1	0	0	12	100.00%
Grand Total	23	10	15	17	4	69	100.00%

Q3 October - December 2022

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	2	2	0	0	0	4	100.00%
Deferred Retirement	0	1	2	0	0	3	100.00%
Estimates	0	10	7	0	0	17	100.00%
Deferred Benefits	1	5	12	3	1	22	100.00%
Transfers In & Out	1	1	1	0	0	3	100.00%
Divorce	2	3	2	0	0	7	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoinders	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	3	0	0	0	0	3	100.00%
Grand Total	9	22	24	3	1	59	100.00%

Q4 January - March 2023

Type of Case	Time to Complete					Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days		
Active Retirement	1	0	1	0	0	2	100.00%
Deferred Retirement	0	0	0	0	0	0	100.00%
Estimates	1	9	12	0	0	22	100.00%
Deferred Benefits	3	6	22	7	0	38	100.00%
Transfers In & Out	1	2	1	0	0	4	100.00%
Divorce	0	0	0	0	0	0	100.00%
Refunds	0	0	0	0	0	0	100.00%
Rejoinders	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	4	1	0	0	0	5	100.00%
Grand Total	10	18	36	7	0	71	100.00%

4.3. The table below shows the summary of work completed in 2022/23. The average days show that work is being completed within the published service standards.

Hampshire and Isle of Wight Fire

Area of work	Service Standard	Number of cases	% cases completed against service standard				Average days to complete
			Q1 - 22/23	Q2 - 22/23	Q3 - 22/23	Q4 - 22/23	
Active Retirement	15 days	25	100	100	100	100	9
Deferred Retirement	15 days	4	100	100	100	100	10
Estimates	15 days	76	100	100	100	100	10
Deferred Benefits	15 days	142	100	100	100	100	13
Transfers In & Out	30 days	12	100	100	100	100	7
Divorce	15 days	7	100	100	100	100	7
Death Benefits	15 days	21	100	100	100	100	3
Total cases processed		287					

- 4.4. The annual pension increase was applied to all Fire deferred and pensioner records, with the first increased payment made on 1 April 2023.
- 4.5. The government responded to the July 2021 consultation on the methodology used to set the SCAPE discount rate and concluded that the existing approach best meets its objectives. Based on the long term GDP growth figures published by the Office for Budget Responsibility in July 2022 the rate was reduced from CPI + 2.4% to CPI + 1.7%, effective from 30 March 2023.
- 4.6. The SCAPE discount rate is used to set employer contribution rates in the unfunded public service schemes and actuarial factors across all public service pension schemes. Any calculations which use actuarial factors based on the SCAPE discount rate, including divorce quotes, were suspended from 30 March until 26 May when the new factors were issued. However no HIWFRA firefighters pension scheme members were affected.
- 4.7. The SCAPE discount rate is also used to set retirement lump sum commutation factors in FPS 1992 and following a review, GAD issued new factors on 3 April 2023. These have the effect of increasing factors at all ages, increasing benefits paid to members, and were updated in the pension system on 14 April.

5. 2022 Annual benefit statements

- 5.1. All active and all deferred annual benefit statements were produced by the statutory deadline of 31 August and were published on the Member Portal.
- 5.2. Pension savings statements were sent by the statutory deadline of 6 October to the 22 firefighters who had exceeded the annual allowance in 2021/22. 9 of these had a tax charge and 5 scheme pays requests have been received back so far in relation to these charges.

6. Member Portal (online access to pension accounts)

- 6.1. The table below shows the number of members who have registered for their online Member Portal account by 30 April 2023, together with the number who have opted out of

electronic communications and therefore the number of members who have neither registered nor opted out.

Status	Registered on Portal		Opted out		No contact	
	Number	% of total membership	Number	% of total membership	Number	% of total membership
Active	688	53.25%	0	0.00%	604	46.75%
Deferred	499	37.69%	2	0.15%	823	62.16%
Pensioner	801	57.75%	307	22.13%	279	20.12%
TOTAL	1,988	49.66%	309	7.72%	1,706	42.62%

6.2. The table below shows portal usage by registered users by quarter for 2022/23.

The breakdown by membership status shows the number of unique records in each status accessed by users in the period. This means the first time a member logs on in the period, their record (or records if they have more than one) will show as having been accessed. Any subsequent log ins by the same user in the same period will not increase the number of records accessed.

Total Portal activity shows the total number of logins (including multiple logins by the same user in the period).

Membership status	Q1 April – June 22	Q2 July - Sept 22	Q3 Oct – Dec 22	Q4 Jan – Mar 23
Active	112	331	99	113
Deferred	109	226	84	110
Pensioner	262	199	162	332
Total records accessed	483	756	345	555
Total Portal activity	743	973	503	956

7. Customer Service Excellence (CSE)

7.1. In January 2023 HPS completed a year two re-assessment of our Customer Service Excellence (CSE) accreditation.

7.2. HPS were awarded full compliance for all 57 of the CSE criteria, and in the following six areas were awarded a 'compliance plus'.

- 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 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 monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We empower and encourage all employees to actively promote and participate in the customer focussed culture of our organisation.

8. Payments to overseas pensioners

8.1. Overseas payments for fire pensioners with non UK bank accounts are currently made via Citibank. Pensioners pay Citibank £2.74 per transaction for using this service which is taken from their pension as part of the Citibank exchange into foreign currency. No fee is paid by the scheme for the service. Citibank has provided this service for all the schemes administered by HPS since the withdrawal of the TAPs system in 2009.

8.2. When HPS took on the administration for the London Borough of Hillingdon and the City of Westminster pension funds, the existing provider for overseas payments, Western Union (now called Convera), continued to provide this service for these pensioners.

8.3. This means that HPS have been able to compare the two providers over the last year and this has shown that Convera's service is more up to date and efficient for both the administrators and the users of the payment system. Convera do not make a per transaction charge but instead take a percentage through the exchange rate and have confirmed that no pensioner will pay more than the equivalent £2.74 under their service. In addition, Citibank use e-fax software which is not secure, and HCC IT are withdrawing the licence for it from September 2023.

8.4. It was agreed therefore to change the overseas payments supplier for all pensioners administered by HPS to Convera. Approval for this change to Convera for the 21 FPS pensioners currently with Citibank was given by Catherine Edgecombe in April 2023. Pensioners will be contacted in June to inform them of the change and give them the option of continuing with this service or opting out. The first payment will be made through Convera on 1 September 2023.

9. TPR data scores

- 9.1. The Pension Regulator (TPR) requires schemes to complete an annual return providing details of the contributing employers and governance arrangements. Since 2018, TPR has required schemes to report on the presence and accuracy of common data (information about the individual and basic retirement information) and conditional data (required to calculate specific scheme benefits) as part of the annual return.
- 9.2. The score is based on a pass/fail approach for each member against all data items. This means that if an individual has a single piece of data missing then the individual will count as a fail (even if all other data is present and accurate).
- 9.3. The common and conditional data scores for the Firefighter Pension Schemes are shown below with the previous years in brackets for comparison.

Scheme				
Data type	1992	2006	2006 modified	2015
Common	99% (98%)	96% (95%)	98% (97%)	99% (98%)
Conditional	96% (95%)	99% (98%)	98% (93%)	97% (96%)

10. Complaints and data protection

- 10.1. One formal complaint was received from a scheme member during the year. This related to the member receiving an estimate which was lower than ones he had run on the Portal and had received previously from HPS. The earlier estimates had been based on full time service whereas when the final leaver form was provided, it was confirmed that the member had some part time service.
- 10.2. There were no data protection breaches in relation to fire scheme members during 2022/23.

11. Audit

- 11.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for Hampshire Pension Services (HPS). All internal audits sample records across the schemes administered by HPS.
- 11.2. The position of our 2022/23 pension audits are as follows:

Audit Area	Timing
Pension Transfers: To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.	Completed – ‘substantial’ rating confirmed.
Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly and	Completed – ‘substantial’ rating confirmed.

paid promptly to the correct recipient, with the risk of overpayments minimised.

UPM - Cyber Security:

(This has been identified as a new audit review area)

To provide assurance over the Cyber Security arrangements for the UPM application

Completed – ‘reasonable’ rating confirmed.

Pensions Payroll and Benefit Calculations:

Annual review to provide assurance that systems and controls ensure that:-

Completed – ‘substantial’ rating confirmed.

- 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.

12. Cyber Security

12.1. A short update on cyber security is contained in a confidential appendix to this report.

13. McCloud

13.1. All firefighters were moved into the CARE scheme on 1 April 2022 and there are no longer any active members in the legacy schemes in the administration system. Any firefighters who retire before the retrospective remedy legislation is in place will receive benefits based on current legislation i.e., legacy scheme benefits up to the date of transition into the 2015 scheme, and CARE benefits from the 2015 scheme. These firefighters will then be contacted after 1 October 2023 with their choice for retrospective remedy.

13.2. Work is continuing on the project in order to be in a position to provide members with remedy calculations from 1 October 2023. A document which outlines the overall approach to the McCloud project for both Police and Fire is attached as Appendix 1 to this report for the Board’s information.

13.3. Civica are holding a monthly project board, attended by representatives from the Home Office and NPCC as well as individual administrator representatives, to monitor progress against the key milestones. Software has been delivered according to the timetable and the first of these to identify the numbers in different cohorts affected by remedy is now live in UPM. The testing for the second delivery is due to be completed and results provided to Civica by 16 June.

13.4. The IBC provided the required service and financial data ready to load into UPM. This will be done by 1 October 2023.

- 13.5. We have completed our analysis of the McCloud Remedy cohorts and share below the numbers of members that fall into each cohort, that will need to be contacted regarding Immediate Choice and Deferred Choice. The order of the cohorts below is the order that we will be communicating with them, but a specific timeline is to be agreed.

Cohort – Immediate Choice	Number of Members
Ill-Health retirements (Immediate Choice Group 1)	10
Death Beneficiaries (Immediate Choice Group 2)	10
Active Members (Deferred Choice Group 3)	633
Deferred Members (Deferred Choice Group 4)	329
Unprotected and Tapered Protection Pensioners (Immediate Choice Group 5)	82
Protected 2006 Scheme Pensioners (Immediate Choice Group 6)	15
Protected 1992 Scheme Pensioners (Immediate Choice Group 7)	133
Total	1,212

- 13.6. The numbers above do not take in to account the work required to address those members who will fall under ‘contingent decisions’ e.g., firefighters who previously opted out; or elected to purchase additional service or pension; or received honoraria payments.

14. Pensions Dashboard Programme

- 14.1. The Pensions Dashboard Program (PDP) is a national government initiative which all UK pension schemes are required to participate in. The aim of the PDP is to create a single website for people to be able to access all their pensions information from all their pension schemes, including the state pension in one place. A document setting out the approach to Dashboard connection is attached as Appendix 2 to this report.
- 14.2. Civica have been appointed as the ISP provider for Hampshire Pension Services. However following the government announcement in March 2023 of an overall delay to the PDP, Civica are currently waiting for the revised detail of when they will be asked to connect to the dashboard.

- 14.3. The Parliamentary Under Secretary of State for Department for Work and Pensions issued an updated [Written statements - Written questions, answers and statements - UK Parliament](#) on 8 June setting out further details of the delay. Details are set out below:
- Legislation will be updated to set an overall connection deadline for all schemes, which will be 31st October 2026.
 - The individual connection deadlines for schemes will be set out in guidance, and will be before the final deadline of 31st October 2026. DWP is planning to collaborate with the industry this year before publishing this guidance.
- 14.4. The date that dashboards will go live to the public (Dashboards Available Point) has not been announced yet, but the minister today said that this could be earlier than 31st October 2026. This indicates that Public Sector Schemes will have an earlier staging date than 31st October 2026.
- 14.5. HPS is still working on the basis that public sector schemes will be required to connect in September 2024.

