

Administration report

2021/2022



**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 2021/22 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 (FRA), the Police & Crime Commissioner for Hampshire and the Chief Constable of Hampshire Constabulary.
- 2.2. Responsibility for the fire schemes sits with the FRA 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 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 2022.

Scheme	Active	Deferred	Pensioner	Total
2015 Scheme	1,306	661	33	2,000
2006 Modified Scheme	13	47	113	173
2006 Scheme	9	430	78	517
1992 Scheme	16	81	1,133	1,230
Grand Total	1,344	1,219	1,357	3,920

- 3.2. On 1 April 2022, the remaining active members of both the 1992 and 2006 schemes were moved into the 2015 scheme, in accordance with the first part of the McCloud remedy. These members will move back into their legacy scheme on 1 October 2023.

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 2021/22.

Q1

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	16	2	0	0	0	18	100.00%
Deferred Retirement	1	0	0	0	0	1	100.00%
Estimates	10	9	9	0	0	28	100.00%
Deferred Benefits	6	14	0	1	0	21	100.00%
Transfers In & Out	1	0	0	0	0	1	100.00%
Divorce	0	0	2	0	0	2	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	3	0	0	0	0	3	100.00%
Grand Total	37	25	11	1	0	74	100.00%

Q2

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	7	2	0	0	0	9	100.00%
Deferred Retirement	3	0	0	0	0	3	100.00%
Estimates	4	0	5	0	0	9	100.00%
Deferred Benefits	11	20	5	6	0	42	100.00%
Transfers In & Out	0	0	0	0	0	0	100.00%
Divorce	0	0	1	0	0	1	100.00%
Refunds	0	1	0	0	0	1	100.00%
Rejoiners	0	0	0	0	0	0	100.00%
Interfunds	0	0	0	0	0	0	100.00%
Death Benefits	2	0	0	0	0	2	100.00%
Grand Total	27	23	11	6	0	67	100.00%

Q3

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	4	1	0	0	0	5	100.00%
Deferred Retirement	0	0	1	0	0	1	100.00%
Estimates	6	8	27	0	0	41	100.00%
Deferred Benefits	5	9	5	14	0	33	100.00%
Transfers In & Out	1	0	1	0	0	2	100.00%
Divorce	0	0	4	0	0	4	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	8	0	0	0	0	8	100.00%
Grand Total	24	18	38	14	0	94	100.00%

Q4

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	4	7	5	0	0	16	100.00%
Deferred Retirement	0	2	1	0	0	3	100.00%
Estimates	8	9	20	0	0	37	100.00%
Deferred Benefits	1	12	10	9	0	32	100.00%
Transfers In & Out	0	1	2	0	0	3	100.00%
Divorce	0	0	3	0	0	3	100.00%
Refunds	0	1	0	0	0	1	100.00%
Rejoiners	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	16	32	41	9	0	98	100.00%

4.3. The table below shows the summary of work completed in 2021/22.

Hampshire Fire summary 2021/22

Area of work	Service standard	Number of cases	% cases completed against service standard				Total
			Q1 - 20/21	Q2 - 20/21	Q3 - 20/21	Q4 - 20/21	
			%	%	%	%	
Active Retirement	15 days	48	100.00	100.00	100.00	100.00	100.00%
Deferred Retirement	15 days	8	100.00	100.00	100.00	100.00	100.00%
Estimates	15 days	115	100.00	100.00	100.00	100.00	100.00%
Deferred Benefits	30 days	128	100.00	100.00	100.00	100.00	100.00%
Transfers In & Out	15 days	6	100.00	100.00	100.00	100.00	100.00%
Divorce	15 days	10	100.00	100.00	100.00	100.00	100.00%
Refunds	15 days	2	100.00	100.00	100.00	100.00	100.00%
Interfunds	15 days	0	100.00	100.00	100.00	100.00	100.00%
Death Benefits	15 days	16	100.00	100.00	100.00	100.00	100.00%

- 4.4. The annual pension increase was applied to all Fire deferred and pensioner records, with the first increased payment made on 1 April 2022. Pensioners were contacted prior to the payment date in January and February 2022 to remind them to register for the Member Portal or to opt out of electronic communications so that they would be able to access their annual payslip and P60.

5. 2021 Annual benefit statements

- 5.1. All except two of the deferred annual benefit statements and one of the active benefit statements were produced by the statutory deadline of 31 August. The three records which did not have a statement produced by the statutory deadline were ones for members transferred over from the Isle of Wight and had outstanding service issues on them. These cases have since been resolved.
- 5.2. Pension savings statements were sent by the statutory deadline of 6 October to the 23 firefighters who had exceeded the annual allowance in 2020/21. 10 of these had a tax charge and 6 scheme pays requests have been received back so far in relation to these charges.

6. Member Portal (online access to pension accounts)

- 6.1. In March 2021, pensioners were given a year's notice of the removal of automatic paper payslips and P60s. Pensioners can instead access their payslips and P60s online through the Member Portal or else provide a written opt out of electronic communications. A reminder letter was sent in February 2022 to ensure that all pensioners have been given a further opportunity to request paper copies if required.
- 6.2. The table below shows the number of officers who have registered for their online Member Portal account, together with the number who have opted out of electronic communications and therefore the number of members who have neither registered nor opted out. It is anticipated that the number of active and deferred registrations or opt outs will increase following the publication of the annual benefit statements by the end of August 2022. Following that, consideration will be given to a targeted communication to encourage those who still have made no contact to either register or opt out.

Status	Registered on Portal		Opted out		No contact	
	Number	% of total membership	Number	% of total membership	Number	% of total membership
Active	662	49.26%	0	0.00%	682	50.74%
Deferred	368	30.19%	3	0.002%	848	69.57%
Pensioner	631	46.50%	300	22.10%	426	31.40%
TOTAL	1,661	42.37%	303	7.73%	1,956	49.90%

- 6.3. From January 2022, it has been possible to report on the number of log ins into the Member Portal. As expected, there was a significant increase in the number of pensioner log ins during March as pensioners were checking their payslip for the annual pension increase.

Membership status	Jan-22	Feb-22	Mar-22	Total
Active	147	100	139	386
Deferred	64	37	91	192
Pensioner	97	211	444	752
Total	308	348	674	1,330

- 6.4. As part of an ongoing programme to increase cyber security, Hampshire IT implemented a geo block on all HCC websites. This prevents people who live in countries typically outside of the EU from connecting and impacted some overseas members who were trying to log onto the Portal from the HPS website. Now that we are aware of the issue, we have provided those members with the direct link to the Portal, and they are able to access it. However, we are still working with IT to find a solution which will allow members to access the HPS website.

7. Customer Service Excellence (CSE)

- 7.1. On 26th January 2022 HPS completed a re-assessment of 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 identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent further recurrence.

8. TPR data scores

- 8.1. 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.
- 8.2. 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).
- 8.3. The common and conditional data scores for the Firefighter Pension Schemes are shown below with the previous years in brackets for comparison. Due to the transfer from the Isle of Wight, overall membership numbers increased but the quality of the inherited data contributed to a small decrease in the common data score for the 2006 modified, and the conditional data for the 2015 members. These records will be included in ongoing data cleansing work in preparation for the 2022 TPR reports due in November 2022.

Scheme				
Data type	1992	2006	2006 modified	2015
Common	98% (98%)	95% (88%)	97% (98%)	98% (98%)
Conditional	95% (92%)	98% (98%)	93% (90%)	96% (97%)

9. Complaints and data protection

- 9.1. Two formal complaints were received from scheme members during the year. Both of these were from former Isle of Wight firefighters in the modified scheme and both cases resulted from an initial error by the previous administrator.

9.2. There was a data protection breach in the year, with a pensioner receiving a payslip for a different member as well as his own. This was caused by the address of one pensioner being too long for the automatic detection software to identify a break between the two documents resulting both being sent to the first address. The team have been reminded that they must check back the number of letters requested in the print run with the expected total.

10. Audit

10.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for both Hampshire Pension Services (HPS). All internal audits sample records across the schemes administered by HPS. The following internal audits relating to pensions administration for 2021/22 have been completed:

- Pension starters;
- Pension leavers
- Pensions payroll and benefit calculations

10.2. These areas have all received a substantial rating meaning that a sound framework of internal control is in place and operating effectively, with no risks to the achievement of system objectives identified.

10.3. The pensions administration audits being completed in the coming financial year are:

Audit Area	Timing
<p>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.</p>	Quarter 1
<p>Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient, with the risk of overpayments minimised.</p>	Quarter 2
<p>UPM - Cyber Security: <i>(This has been identified as a new audit review area)</i> To provide assurance over the Cyber Security arrangements for the UPM application</p>	Quarter 3 / 4
<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; 	Quarter 3 / 4

Audit Area	Timing
<ul style="list-style-type: none"> • 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. 	

11. McCloud

- 11.1. 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.
- 11.2. The identification of firefighters in scope for the McCloud remedy was completed by the end of April 2022. The data collection exercise is now in hand with the IBC and the target date for provision of the information back to HPS is 30 June 2022.
- 11.3. Civica are continuing to work on the development of the software required to administer the McCloud remedy and are in the final stages of testing the first delivery which should be with HPS by 30 June. Civica are setting up a project governance group consisting of representatives from each authority, as well as representatives from the LGA and NPCC to ensure that the software development is kept on track and will meet the final requirements of the legislation.

12. Pensions Dashboard Programme

- 12.1. On 28 February, the consultation for the Pensions Dashboard regulations was published – the HPS response was submitted ahead of the deadline (13 March). The main issue raised in the response was the timescales for providing data if it is not immediately available. Under the draft regulations this must be done within 10 working days, but if the data is not available it is likely to be due to an outstanding query which is unlikely to be resolved with sufficient time for HPS to produce the information within the time limits. This has been identified as an issue across pension schemes.
- 12.2. HPS attended all four of the recent webinars which were presented by the DWP and PDP to understand the scheme administrator obligations in relation to the dashboard.
- 12.3. HPS also attend Civica’s Pensions Dashboard working group where technical requirements will be discussed and agreed to ensure full compliance with the eventual regulations.
- 12.4. The first stage is for HPS to appoint an Integrated Service Provider (ISP) which is a requirement of the PDP to connect to the dashboards. Civica are likely to deliver the ISP service for HPS because the member data that the PDP requires is held in UPM. Civica have been asked for costs and a route to procurement which can then be assessed. The

cost of the ISP service will eventually be split by all the pension schemes administered by HPS.

- 12.5. Despite the general reservations about the timescales imposed in the regulations, HPS are in a good position to comply with the pensions dashboard regulations, given the ongoing work to improve data quality, and the high production rate of benefit statements.

13. Cyber Security

- 13.1. Hampshire Pension Services requested that IT Services organise and facilitate the penetration testing of the Universal Pensions Management (UPM) application provided by Civica. The penetration testing was comprised of three distinct elements -

- External Penetration testing
- Internal Penetration testing
- Application Penetration testing

- 13.2. These elements were spread across two engagements with 2-Sec, the vendor chosen to undertake the work. The first engagement was to meet the External Penetration testing aspect. We were able to facilitate this as part of our annual penetration testing of our external facing infrastructure. The second engagement was created directly to meet the other two aspects, the internal testing and application testing.

- 13.3. Predominantly the aim of the penetration testing is to identify vulnerabilities within the UPM solution. Vulnerabilities within systems expose a solution to threats, ranging from data loss to external actors taking over the system. The higher the severity of the vulnerability the more likely it is to be exploited and the higher the impact is on the business if exploitation is achieved.

- 13.4. The overall security position for UPM appears to be good at this point in time. Although a number of medium and low vulnerabilities were found within the solution, no high, critical or urgent vulnerabilities were identified. This is unusual for a solution the size and complexity of UPM.

- 13.5. Using Hampshire internal vulnerability assessment scoring system (VAS) none of the issues identified warranted adding to the Hampshire IT vulnerability management register (VMR) long term, nor did any of them require escalation to the Hampshire IT Information Security Management Forum (ISMF) or risk management boards.

- 13.6. No significant remediation work has been required, but improvements have been identified, which will be taken forward with Civica and internally by IT.

- 13.7. This full exercise will be conducted annually to ensure ongoing cyber security is achieved.

