

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

PENSION BOARD

8 February 2016

PENSION SECTION SUPPORTING INFORMATION

1. WEST MIDLANDS FIRE SERVICE FIREFIGHTERS' PENSION SCHEMES MEMBERSHIP AS AT 31 DECEMBER 2015

Scheme	Actives	Deferred	Pensioners (Including Dependants)
1992	510	216	2,456
2006	17	85	2
2015	893	4	
Modified	3		3
TOTAL	1,423	305	2,461

2. ANNUAL ACTIVITY LEVELS

2.1 During the last twelve months (1/1/2015 to 31/12/2015) the following levels of activity have been experienced:-

Age Related Retirements	75
Ill Health Retirements	6
Opt outs	25
Other leavers	32
New Joiners	25
Applications to Transfer in/out	25
Inter-brigade Transfer Requests processed	13
Cash Transfer Payments made	6
Transferred not completed	6

- 2.2 The section has also processed the requests shown in the table below and achieved the levels of performance shown.

Request type	Received	Responded to	Average Response time (days)
Benefit Estimate	206	173	88
CETV for Divorce	19	18	124
General Information	56	19	63

3. **PENSION SECTION STRUCTURE AND COMPARISON WITH SIMILAR FRA**

Pension Section is part of Resources Directorate.

1/10th X Payroll & Pensions Manager

2 X Pension Practitioner (WT) – Permanent

1 X Pension Practitioner (WT) – Temporary

The section has an annual budget of £153,600 including system costs of £40,700. These figures also include 10% of the costs in respect of the Payroll & Pensions Manager.

Total Administration costs	£153,600
Total scheme membership	4,189
Administration cost per member per annum	£36.67

The Administration cost was previously measured as part of the organisation's Building Upon Success review in August 2013. At that time the cost was calculated as £28.16 per member. This indicates an increase of 30% over a 2 year. The increased costs have been incurred predominantly as a result of the temporary recruitment of an additional member of staff to provide resilience during the implementation of the 2015 Firefighters Pension Scheme. The temporary arrangements will continue until 31st March 2016 at which point they will be reassessed.

Greater Manchester Fire and Rescue Service have two full time staff in their Pension Section with an estimated budget cost of £54,000.

Management of the section is provided by a HR Business Partner and management costs of £5,000 have been assumed.

System costs are identical to West Midlands Fire Service at £40,700 per annum and they have a scheme size of approximately 4,000 members.

Calculating costs per member on the same basis as for West Midlands Fire Service produces the following detail.

Total Administration costs	£99,700
Total scheme membership	4,000
Administration cost per member per annum	£24.93

4. **RISK REGISTER**

An updated copy of the Pension Section risk register is attached as Appendix 1 to this report.

5. **INTERNAL AUDIT REVIEW**

The last Internal Audit review carried out November 2014 and provided 'Substantial Assurance' over the adequacy of controls in place.

6. **ANNUAL BENEFIT STATEMENTS**

- 6.1 Annual Benefit Statements were not issued to all fully protected members of the 1992 and 2006 schemes during September 2015 due to delays in the required software being delivered.
- 6.2 Annual Benefit Statements will be issued to all members prior to the statutory deadline of 30th August 2016.
- 6.3 In the interim, pension forecasts will be available to all members upon request with a response to be provided within the required three month timeframe.

7. **INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**

- 2 stage one applications made in the last twelve months.
- The one case which was outstanding at the last Pension Board meeting was cleared at an Appeals Committee meeting. The outcome of the case was that the appeal

was rejected.

8. **ABOLITION OF CONTRACTING OUT FOR DEFINED BENEFIT PENSION SCHEMES**

- 8.1 A news item regarding this matter will be published later this month. Subsequent communications will take place during February, March, and April.
- 8.2 The temporary member of staff who was processing this work has now left and his replacement commenced on Monday 18th January.
- 8.3 The target date to clear this work is 31st March 2016 and currently is still considered to be achievable.

9. **AUTOMATIC ENROLMENT**

- 9.1 The Scheme Manager has confirmed that our Automatic Re-Enrolment date will be 1st August 2016.
- 9.2 The Scheme Manager has also confirmed that we will not Automatically Re-Enrol anyone who has opted out of a Qualifying Pension Scheme within 12 months of our Re-Enrolment date.

10. **OPT OUT LEVELS AND REASONS**

- 10.1 West Midlands Fire Service has experienced the levels of Opt outs shown in the following table during the 2015 Calendar year.

Month	1992 Scheme	2006 Scheme	2015 Scheme	Total	Primary Reason
January		3		3	Not Known
February	2	1		3	Not Known
March		3		3	Not Known
April		2		2	Not Known
May	1	6		7	Not Known
June	1			1	Costs of living due to personal circumstances

July				0	
August		1	2	3	Costs
September	1			1	Government Changes
October			1	1	Costs
November				0	
December			1	1	Not Known

Paul Gwynn
Payroll and Pensions Manager

APPENDIX 1

identify the Risk	How To Respond? System in Place to Deal with the Consequence	Monitor Effective Measure	Likelihood	Impact	Risk Rating
Computer system failure at payroll compliance date.	Pay the previous month Pension from the file id with adjustments for death or part period payments. If notification that system will not be available or when upgrade is going through at compliance date. Trial pay run can be used as actual if testing fails.	BACS transmission reports	Low	High	Medium
Failure to process BACS	Internal process for ensuring that BACS has been sent.	Payroll Practitioner operates process	Low	High	Medium
Payment made to ineligible pensioner.	Annual Certificate of identity process in place.	Payroll & Pensions Manager	Low	Low	Low
Fraud in Payroll office.	Reconciliation with report from payroll system and Excel spreadsheet balance each month	Reconciliation completed by Senior Payroll Officer. Balances done monthly. Payroll processes i.e. starters and leavers double checked monthly payroll signed off each month by Senior Payroll officer.	Low	High	Medium

Insufficient resource to enable function to meet requirements of Pension Regulator.	Structure and staffing of function under ongoing review	Reports to Pension Board indicate effectiveness of function	Med	Low	Medium
Failure to issue Annual Benefit statements when required by legislation.	Structure and staffing of function under ongoing review	Reports to Pension Board indicate effectiveness of function	Med	Low	Medium