

Hampshire County Council

Pensions Services

Service Level Agreement 2012/13

With

Hampshire Fire and Rescue Authority

August 2011



Hampshire
County Council

Introduction

This agreement specifies the service that the Pensions Services section of Hampshire County Council will provide for Hampshire Fire and Rescue Authority. This service level agreement does not contain any element relating to the provision of IT systems or their charging as these are subject to a separate service level agreement with the IT Services section of Hampshire County Council.

The levels of service indicated are those which are estimated and agreed will best meet the needs of Hampshire Fire and Rescue Authority.

Significant variation in the level of service will be subject to further negotiation.

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Pensions Services

Service level agreement for Firefighters' Pension Schemes administration

1 Introduction

- 1.1 This document sets out the service level agreement between Hampshire County Council and Hampshire Fire and Rescue Authority (HFRA) for the administration of the Firefighters' Pension Schemes.
- 1.2 Administration of the Firefighter's Pension Scheme (FPS) and New Firefighter's Pension Scheme (NFPS) will be carried out by the Pensions Services section within the County Council. Information about eligible employees will be provided to Pensions Services by HFRA.
- 1.3 The document sets out the roles and responsibilities of both Pensions Services and HFRA. It also specifies the level of services the parties will provide to each other and the performance measures used to evaluate them.

2 Service Level Agreement – summary statement

- 2.1 In agreeing this service level agreement, all parties commit to:
 - achieving a high quality pension administration service to scheme members
 - continually developing and improving efficient working arrangements
 - striving to exceed stated service standards
 - a quarterly performance report and annual statement of achievement
 - taking responsibility for the provision of accurate and timely data
 - keeping the agreement under review.
- 2.2 This service level agreement had been produced in consultation with HFRA and is effective from 1 October 2011. the statement will be kept under review and revised where appropriate. Changes will be subject to consultation with HFRA.

3 Roles and responsibilities

- 3.1 HFRA duties, responsibilities and discretions are listed in Appendix A

to this agreement, and Pensions Services' duties and responsibilities are listed in Appendix B. All duties should be carried out in a timely and accurate manner.

4 The regulations – effect on agreement

4.1 This document sets out, for administrative convenience, the manner in which certain duties and responsibilities are expected to be carried out. It does not override any provision or requirement in the Regulations or any overriding legislation. The intentions of the Regulations in their application to members, potential members, deferred members and retired members must at all times be complied with.

4.2 The regulations forming the basis of this agreement are as follows:

- The Consolidated Firefighters' Pension Scheme 1992 Order
- The Firefighters' Pension Scheme (England) Order 2006
- the Occupational Pension Scheme (Disclosure of Information) Regulations 1996 (referred to as the Disclosure Regulations) and any amendments

5 Administration procedures – General

5.1 Pensions Services will work with HFRA to ensure full information, training and support is given to HFRA staff providing information for scheme administration.

5.2 HFRA will provide Pensions Services with up to date contact details, at least annually, on the Employer Authorisation Form. Pensions Services must be updated immediately should the named contacts change at any point through the year.

6 Variations to the agreement

6.1 Any variations to this agreement must be agreed with Pensions Services first and if agreed, must be confirmed in writing

7 Performance measurement and reporting

7.1 Pensions Services will carry out its duties and responsibilities to members in accordance with its service standards. It will also monitor, measure and report monthly on its performance against those standards and its performance targets.

7.2 Compliance with stated service standards will be assessed at a quarterly meeting with HFRA (or more frequently as necessary).

7.3 Where information collected for reporting purposes reveals problems in meeting the standards, Pensions Services will consult and work with HFRA to improve the level of compliance and performance by providing

support, guidance, and training where appropriate

8 Costs

- 8.1 Where additional services (actuarial or other) are required by, or result from the actions of, the HFRA and costs are incurred by Pensions Services, HFRA will be required to reimburse Pensions Services for the costs involved. Where appropriate, an estimate of these costs will be provided and the HFRA's agreement obtained before proceeding to instruct the service provider.
- 8.2 If Pensions Services incur interest charges as a result of a late notification of retirement from HFRA, it may recharge to HFRA the interest incurred on the late payment of the lump sum or annual pension.

9 Penalties

- 9.1 It is hoped that with commitment to the principles of this statement, any non-compliance issues would be addressed promptly and there would be no need to resort to any penalty. However for completeness the following actions are possible:
- In the event of a failure to meet its statutory requirements, Pensions Services will be penalised in accordance with the Disclosure Regulations.
 - Where HFRA fails to comply with their employing authority duties, Pensions Services reserves the right to notify the member(s) involved and to notify all members employed by HFRA in the event of serious or persistent failure.
 - If as a result of HFRA's poor performance, additional and disproportionate resources are deployed by Pensions Services, the cost of the additional resources may be re-charged to HFRA in accordance with powers available under scheme regulations. Written notice will be provided of the reasons for the re-charge, the basis of the calculation of the amount, and the relevant part of this statement which, in Pensions Services' opinion, has been contravened.

9.2 Where any orders or instructions issued by The Pensions Regulator, the Pensions Ombudsman or other regulatory body requires financial compensation or a fine to be paid by Pensions Services, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of HFRA, the sum concerned will be recharged to the employer

10 **Primary Contact**

10.1 Pensions Customer Support line Winchester, 01962 845588 or pensions@hants.gov.uk

10.2 Escalation – Lois Gower, Deputy Head of Pensions Services Winchester, 01962 847600 or lois.gower@hants.gov.uk

11 **Complaints**

11.1 Contact Nick Weaver, Head of Pensions and Transactions Winchester, 01962 847584 or nick.weaver@hants.gov.uk

12 **Basis of charge**

12.1 A fixed rate based on an assessment of transaction volumes agreed from past trends. The charge rate will be reviewed annually to assess the impact of efficiency and some improvements implementations or planned by either party.

HFRA Responsibilities

1 Duties – General

The Regulations state that the fire authority is responsible for:

- deciding who is eligible to become a member of the Scheme and the date from which membership of the Scheme commences (backdating membership is not possible);
- deciding whether that person is employed in a full time, part time, term time or variable time capacity. If the employee is not full time, the employer must also determine the proportion which the employee's contractual hours bear to the hours of a comparable full time employee;
- determining an employee's pay for the purposes of calculating pension contributions;
- determining the rate of employee contributions to be deducted from the employee's pensionable pay and, where the employee holds more than one post, the rate that should be applied to each post;
- determining final pay for the purposes of calculating benefits due from the Scheme;
- on the cessation of an employee's membership of the Scheme, determining the reason for leaving and entitlement to benefit and notify the administering authority;
- supplying timely and accurate information to the administering authority to enable the correct calculation of benefits payable from the Scheme;
- appointing an independent registered medical practitioner qualified in occupational health medicine (who has been approved by the administering authority) in determining ill health retirement.

The above is a summary of the main duties of HFRA including those mentioned in the Regulations. In the event of doubt the Regulations must be consulted for clarification.

2 Duties – Specific

In addition to the duties above, HFRA's responsibilities are summarised as follows:

a) New Scheme members

HFRA will notify Pensions Services of a new scheme member within **10 working days** following the end of the month in which the employee

joined the Scheme.

On notification that an individual has entered an employment for which he or she is eligible for membership of the Scheme, HFRA shall, **within one month** of the employment starting, provide the employee with a pensions starter pack containing:

- member option form
- transfer booklet
- death grant 'expression of wish' form
- nominated co-habiting partner's form
- summary scheme guide

These packs are available from Pensions Services via the employers' area of the website:

<http://www3.hants.gov.uk/pensions/pensionsinfoforemployers.htm#section61176-2>

b) Changes to membership status

The following changes to a member's status must be notified to Pensions Services within **10 working days** following the end of the month during which date that the change takes effect, using the forms provided:

- change of name (attach relevant documentation);
- change of partnership status (attach relevant documentation);
- change of weekly contractual hours;
- change of contractual weeks worked per year;
- change of home address;
- change of pay/post reference;
- breaks in service (where pension costs are not paid).

c) Leavers (non-retirements)

On notification that a member's period of employment has terminated, or a member has opted out of the Scheme, Pensions Services must be notified by HFRA within **10 working days** following the end of the month in which the employee left the Scheme.

HFRA will provide the correct calculation of final pensionable pay where required for pension benefits, on the required form.

Where a member opts out within the first three months of joining, and there has not been a transfer of pension benefits into the Scheme, HFRA should refund all contributions previously paid by the member through the payroll system automatically adjusting the Income Tax and National Insurance record of the employee, even where this crossed two tax years.

d) Death in service

HFRA will provide notification to Pensions Services of a member's death and next of kin's details, **within five working days** of the member's death.

e) Record keeping

HFRA will maintain employment records for each member for the purposes of determining membership and entitlement to pension benefits. When an employee suffers a pay reduction, full pay history needs to be kept by the employer for the 10 years prior to the date of the member leaving the Scheme.

f) Additional Voluntary Contributions

HFRA will deduct from the member's pay the specified amount of Additional Voluntary Contributions (AVC), and pay over those amounts to the relevant AVC provider within the statutory timescales. HFRA will ensure that final payments are made to the provider before a member's retirement.

g) Retirements (including normal age, redundancy, efficiency, ill health and other early retirements)

Once known that a member is to retire, HFRA will notify Pensions Services as soon as practically possible and, in any event, within **20 working days before** the date of retirement. HFRA will provide the correct calculation of the member's final pensionable pay where required for pension benefits, and any relevant authorisations. HFRA should also issue the member with a retirement declaration form.

It is important to note that Regulations provide for interest to be payable on lump sums paid after 30 days following the date of retirement. It is therefore essential that the above information is supplied in a timely manner. Where this deadline cannot be achieved

as a result of a delay in information being supplied by HFRA, Pensions Services may charge HFRA for any interest that becomes payable.

h) Ill health retirements

In cases of ill health retirement, HFRA will arrange for the employee to undergo a medical with their chosen and approved independent registered and qualified occupational physician, obtaining a certificate detailing that the employee is permanently incapable of performing the duties of his or her employment and the level of ill health retirement that should be applied as determined by the member's ability to obtain gainful employment in the future. This requirement must be met in accordance with the Regulations. A copy of the medical practitioner's certificate must be sent to Pensions Services.

i) Conditions relating to contributions

HFRA will ensure that:

- Contributions are deducted from any pay received during a period of statutory sickness;
- Contributions are deducted from any pay received by the member in respect of the first 30 days of a period of authorised absence. Where a period of absence exceeds 30 days, up to a maximum of 36 months, the employer will provide the member, upon returning to work, with an option to pay back any missed contributions based on the assumed rate of earnings for the period of absence. Where a break in membership occurs, the employer will notify HPF in accordance with procedures outlined in the Employer Manual;
- Contributions are deducted from any pay received by the member during a period of parental leave, including half pay and SMP where appropriate. The employer will, upon the member returning to work, provide the member with an option to pay contributions for any period of no pay (from the 32nd week of confinement only where no pay commenced before that time) calculated on the rate of pay received by the member immediately before the period of no pay commenced;
- Where a break in membership occurs, the employer will notify HPF that a member who has had a period of absence due to a trade dispute or strike is provided with the option to pay contributions in respect of that period of absence calculated at the rate of 16% on his lost pay during that period ("lost pay" being the difference between his actual pay (if any) and the pay he would have received but for the period of trade dispute

absence). Where a break in membership occurs the employer will notify HPF;

- Payment of invoices must be made **within 30 days** of receipt.

j) Annual Returns (check the current arrangement eg delay to get new pay figures)

HFRA will, by **30 April** each year, provide HPF with an end of year schedule as detailed in a guidance note and spreadsheet from the AXIS system manager.

HFRA will respond **within working 20 days of its receipt** to requests made by Pensions Services for further information and clarification of issues raised from the annual return.

k) Pension estimates

HFRA will, as part of their request for a pension estimate in respect of one of their Scheme members, provide Pensions Services with details of the member's proposed date of leaving, the reason for leaving and the estimated pay. Pensions Services will provide up to two estimates per member on request within a 12 month rolling period free of charge. Additional requests or those requested with a reduced turnaround will be charged.

l) Pensionable pay

HFRA will provide the correct calculation and notification of pensionable pay where required for the calculation of benefits **within 20 working days** before the date of the employee leaving the scheme.

m) Distribution of information

HFRA will, on receiving information provided by Pensions Services, distribute it for their active employees **within 20 working days** of receipt.

n) Workload variations

HFRA will advise Pensions Services of any impending major workload resulting from circumstances such as proposed redundancy exercises **as appropriate**.

o) Queries

HFRA will respond to queries raised by Pensions Services within agreed timescales dependant on the urgency of the enquiry.

p) Distribution of statements and information to members

HFRA will distribute to members annual benefit statements and any other member letters or notifications to active members as requested by HPF **within 20 working days** of receipt.

3 Fire Authority discretions

The employer will review and maintain its policy regarding the discretions available under the Regulations and will notify HPF and members of any changes to those policies within **30 working days** of the changes taking effect.

4 Internal dispute resolution procedure (IDRP)

HFRA will nominate a specified person to deal with all cases of dispute raised by their scheme members at Stage 1 of the Internal Dispute Resolution Procedure.

HFRA will notify Pensions Services immediately of any change to their specified person details.

1 Pensions Services responsibilities

Pensions Services will provide the following to HFRA within the agreed timescales shown. A reduced timescale may be agreed in exceptional cases at HFRA's request.

2 Strategic responsibilities

a) Pension regulator and Ombudsman

Pensions Services will comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid by Pensions Services, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of HFRA, the sum concerned shall be recharged to HFRA.

b) Performance reporting

c) Regulations

HPF will notify the employers of any significant changes to:

- Regulations that might affect members in their employ;
- policies made by the administering authority under the Regulations; or
- procedures adopted by it in accordance with this strategy.

Advice will be given to the employers in respect of matters arising from the interpretation and implementation of the Regulations.

3 Operational responsibilities

a) New scheme members

HPF will set up a record for each new member and issue a statutory notification **within 20 working days** from when it is notified of their membership.

b) Changes to membership status

HPF will amend a member's record **within 10 working days** from when the change was notified.

c) Leavers and retirements

Pensions Services will perform all benefits calculations **within 15 working days** for retirements and deferred benefits, on receipt of all information enabling the final calculation to be made.

Pensions Services will send to all deferred beneficiaries a benefit statement detailing the accrued benefits to the date of leaving along with details of the other options available to the member in accordance with the Regulations.

Pensions Services will make payment of all retirement lump sums within 30 days of the date of retirement unless the member has failed to provide all relevant information necessary to enable the administering authority to perform the final benefit calculations; or HFRA has failed to provide Pensions Services with sufficient information to enable completion of the final benefit calculations.

Where, as a result of HFRA's failure to notify Pensions Services of the final retirement details in a timely manner, payment of any retirement lump sum is not made within 30 days from the date of the member's retirement, Pensions Services may charge HFRA for the interest payment made.

d) Transfers

Pensions Services will calculate and process transfers of members' pension rights inwards and outwards in accordance with the timescales laid down in the regulations.

e) Dependants

Pensions Services will acknowledge in writing the death of a member within **5 working days**.

Pensions Services will supply survivor beneficiaries with notification of their entitlements including the method of calculation within **10 working days** of all the information being received.

f) Scheme member enquiries

Pensions Services will answer enquiries made by members and respond to such enquiries **within 10 working days** or sooner where possible. Where an enquiry will take longer than 10 days to resolve, Pensions Services will notify the member accordingly and keep the member updated.

Recording calls?

g) Employing Authority enquiries

Pensions Services will respond to enquiries made by HFRA **within 10**

working days or sooner where possible. Where an enquiry will take longer than 10 days to resolve, HPF will notify the employer and keep the employer up to date with the progress made.

h) Annual Benefit Statements

Pensions Services will issue annual benefit statements to active members via HFRA **within 3 months** of receipt of all relevant year end information from the employer, or in any case, by the 31 October.

i) Pensions estimates

Pensions Services will provide an estimate of pension benefits on request from HFRA **within 15 working days** of receipt of all relevant information.

j) Accuracy of payments

Pensions Services will ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.

Life certificates?

k) Payroll procedures

Monthly tax and other deductions

End of year procedures – P60s, P35, P14s etc

Reconciliations

l) Reporting

Pensions Services will comply with HMRC reporting requirements regarding pension benefits.

m) Pensions increases

Pensions Services will apply pensions increases annually to the relevant pensions in payment and deferred pensions retained in the Fund in accordance with the Pensions Increase (Review) Order issued

by the Government.

n) Member's records

It is the responsibility of HFRA to provide correct service and pay information for active members. Pensions Services is not responsible for checking the accuracy of any information provided by the employer. Pensions Services will inform HFRA of significant discrepancies between information provided by HFRA and information already held from previous notifications.

o) Training

Pensions Services will provide training, guidance and support to staff of employers who have pension related duties as required.

p) Changes in administrative procedures

Pensions Services will notify HFRA of any changes to administrative procedures that may arise as a result of changes in pension scheme regulations and update standard documentation on the Pensions Services website.

Pensions Services will issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme, for members and for use by HFRA. This includes providing HMRC with details of early leavers for contracting-out purposes.

q) Communications

Pensions Services will communicate with HFRA on an ad hoc basis and as required in respect of matters relating to the Scheme.

Pensions Services will ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of The Occupational, Personal and Stakeholder Pension Schemes (Disclosure of Information) (Amendment) Regulations 2010.

r) Scheme member database

Pensions Services will maintain a database of all members employed by HFRA.

s) Data Protection and security

Pensions Services will ensure compliance with Data Protection legislation.

Secure location

Official secrets act

Destroying records / retention policies

Access to rooms

FOI requests

Table of service standards for FPS and NFPS

	Requirement	Target
1	Payment of pension benefits on 1 st day of month (or last working day of previous month if 1 st is non working day)	100%
2	Amendments to personal records within 15 days of receipt of required documentation	100%
3	Calculate and notify officer of additional membership produced by transfer value quote within 15 working days of receipt of transfer details / required documentation	100%
4	Action agreed transfer values within 15 working days of receipt of acceptance / required documentation	100%
5	Respond to requests for estimates of benefits within 15 working days of receipt of required documentation	100%
6	Respond to applications for payment of refunds within 15 working days of receipt of required documentation	100%
8	Issue annual benefit statements to all active members by 30 October	100%
9	Death payments to reach the beneficiaries bank accounts within 5 working days of receipt of notification	100%
10	Production and distribution of P60s to pensioners by 30 June	100%
11	Implementation of pension increases/decreases by the end of the pay period within which the first eligible payment date arises	100%
12	Implementation of change in pensioner circumstances by first available payment date	100%
13	Processing of benefits within 15 working days of receipt of all necessary documentation <i>or date of entitlement to benefit</i>	100%
14	Advise transfer value out within 15 working days of receipt of all necessary documentation	100%
15	Pay agreed transfer values out within 10 working days of receipt of acceptance	100%
16	Respond and acknowledge routine communications within 10 working days of receipt	100%
17	Provide data for regular data matching as required by the National Fraud Initiative	100%
18	Respond within 30 working days of receiving all the required information and the proper authority to disclose, to requests for information to allow the relevant parties to assess pension rights in divorce cases	100%
19	Advise HFRA of all complaints received and the subsequent resolution	100%
20	Production of data required for NFPS valuation purposes within 20 working days or agreed deadline	100%

