

PENSION AND PAYROLL ASSOCIATED ISSUES LOG

Issue No.	Issue to resolve	System changes required in	Date Identified	Finding	Action Required	Accountability	Status	RAG Rating	Completion date	Comments	Process to be impacted and considered with
1	<b>Additional Pension Benefits (APB):</b> - Continuous Professional Development (CPD) - Temporary Promotions	SAP and Altair	23-Jan-19	<p>APBs were introduced to cater for non-regular pensionable pay. It ensured that Firefighters received a pension benefit for a payment determined as pensionable but that might not be in payment within the final three years, and therefore not treated as final pensionable pay.</p> <p>The 2008 amendment orders originally only applied to payments received for CPD (Continued Professional Development). This was extended by the amendment orders in 2013 to apply to certain payments (where the Fire Authority have exercised their discretion to make pensionable). This was highlighted in ESFRS' Temporary Promotions and Pensionable Pay - Dec 2017 CFA Report.</p> <p>The rules mean that APB should be calculated annually for the period 1 July to 30 June, and increased each year by Pension Increase Orders. And in order to ensure the APB is calculated annually, ESFA needed to ensure that their current FPS Administrator (Orbis) was provided with the details of any payments made for the respective benefits. However this has not been happening and now needs to be implemented and considered from 01/07/2013.</p>	<ul style="list-style-type: none"> <li>Update SAP to reflect the pay for Temporary Promotions separately to the Substantive pay for members in the 1992 and 2006 scheme so that the correct pensionable status (for APB) can be derived</li> <li>Update SAP to allow a members in the 2015 scheme to have their temporary promotions recorded accurately as non-pensionable and separate to the substantive pay which is pensionable</li> <li>Change SAP process for 'claimed pay' (e.g., overtime)</li> <li>Update Altair to reflect APBs for Temporary Promotions and CPD</li> <li>Manually update pension records with unpaid APBs for 1992 &amp; 2006 scheme members who had Temporary Promotions from 01/02/2013 to date</li> </ul>	<ul style="list-style-type: none"> <li>Steve Wickham</li> <li>Judith Sarpong</li> <li>Orbis Payroll</li> <li>Orbis Pensions</li> <li>ESFRS Payroll</li> </ul>	Open	High		<p>Implementing the Temporary Promotions Wage Type within SAP will lead to a change in the way payroll process 'claimed pay' such as overtime. Payroll has been taught how to now process claimed pay by Steve Wickham (ESCC's Payroll Governance Manager) and have been asked to inform Steve if they find it impossible to apply the process or notice any more issues that arise as a result to the new changes.</p>	<ul style="list-style-type: none"> <li>Annual Pension Benefit Statements</li> <li>Claimed Pay Process in SAP</li> </ul>

2	<b>Part Time Workers Directive (Employment Tribunal):</b> - Payments - Sick Pay	SAP	11-Feb-19	<p>The claims lodged in 2001 were in two parts;          - the first part dealt with Terms and Conditions of Employment; and          - the second part dealt with Pension Entitlement.</p> <p>First Part: In relation to the first part of the claim, each FRA was required to make a payment (without deduction of tax or National Insurance Contributions) to their Eligible Employees by way of compensation for the Terms and Conditions Claims</p> <p>ESFA has found numerous current and ex Eligible Employees who never responded to the letters or sent back their acceptances. In such instances and dependent on whether or not those non-respondents were union or non-union members, the employment tribunal was to be notified to have their cases struck out.</p> <p>However, it has now come to light that this part of the process may not have occurred and therefore would need to be investigated and resolved. ESFA has also found that there are certain current and ex Eligible Employees who were never paid their compensation.</p> <p>Second Part: The second part of the claims relating to pension entitlement has been stayed for some time pending the decision of the O'Brien litigation. This means that in the mean-time, there is no further action required from ESFA in relation to the pensions element of this claim.</p>	<ul style="list-style-type: none"> <li>• Make outstanding gross payments to retained firefighters in relation to the first part of the claim (i.e., terms and conditions of employment)</li> <li>• Review sick pay for Retained Firefighters who went off sick from 08 March 2011 to date to ensure that it was paid in accordance with the circular released following an amendment to the directive</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Wickham</li> <li>• Judith Sarpong</li> <li>• Finance</li> <li>• ESFRS Payroll</li> </ul>	Open	Medium	<p>As the second part of the claims relating to pension entitlement has been stayed for some time pending the decision of the O'Brien litigation, there is no further action required from ESFRS in relation to the pensions element of this claim. However, ESFRS should ensure they keep on top of this judgement so that they can implement any required changes once the 'stay' is lifted.</p> <p>Although the Court of Justice of the European Union (CJEU) has now delivered judgment there will be a further delay as the matter will now need to return to the House of Lords which made the preliminary ruling.</p>	<ul style="list-style-type: none"> <li>• Second Part of the employment tribunal</li> </ul>
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3	<b>Norman v Cheshire:</b> - Employee Contributions	SAP and Altair	25-Apr-19	<p><b>Court Case:</b> In December 2011, a Judge found in favour of Firefighter Norman and therefore ordered Cheshire FRA to recalculate his pension on the basis of the additional payments being pensionable. The success of this case had a significant impact on many FRAs across the country.</p> <p>An in-house assessment was undertaken within the Authority to determine the implications</p> <p><b>Outcome of Internal Assessment:</b>          All Day Crewed allowances affected by the case were made pensionable from 1 July 2014 and pension contributions were deducted from that date. *The ESFRS Rent Allowance was made pensionable from the same date but changes were not made in the payroll system until the April 2015 pay run.</p> <p><b>Issues recovering Employee Norman v Cheshire Employee Contributions:</b>          It has come to light that there are a number of ex-employees whose employment ended prior to the three years but did not make any arrangements with ESFA to pay the arrears. It has also come to light that there are a number of current and/or ex-employees whose payment history and arrangements need to be investigated and verified as fully paid or not.</p>	<ul style="list-style-type: none"> <li>• Verify the numbers of staff with outstanding balances and not currently making payments</li> <li>• Determine the status (i.e., active, leaver, pensioner, deferred, deceased, etc) of staff with verified arrears so that appropriate contact can be planned and made with them</li> <li>• Collect outstanding employee contributions from staff who have left the service or retired with Norman v Cheshire arrears</li> <li>• Update Pension records in Altair to reflect the arrears and any payments made and ensure they match with amounts showing in SAP</li> </ul>	<ul style="list-style-type: none"> <li>• Judith Sarpong</li> <li>• Finance</li> <li>• ESFRS Payroll</li> <li>• Orbis Pensions</li> </ul>	Open	<div style="background-color: yellow; padding: 5px; text-align: center;"><b>Medium</b></div>		<p>A tracing service may be required to trace any members who cannot be contacted at their last known addresses. This will come at a cost to the Service.</p>	<ul style="list-style-type: none"> <li>• Budgets (may be affected if ESFRS is unable to claim some of the unpaid employee contributions)</li> </ul>
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4	<b>Data Issues:</b> - GMP Reconciliations - Data Quality Review Scores	Altair	15-Jan-19	<p><b>GMP:</b> There is currently Guaranteed Minimum Pension (GMP) reconciliation work being carried out on behalf of ESFA. This is currently outsourced to JLT/Mercer by Orbis and is on-going. JLT/Mercer has been liaising with HMRC, Orbis and ESFRS to get all queries resolved accurately and in a timely manner. An urgent paper went to the Policy &amp; Resources Panel in July 2019 to seek approval on decisions to be made for the treatment of stalemate cases that arise during this reconciliation.</p> <p><b>Data Quality:</b> In December 2018, Aquila Heywood completed a review of ESFRS' Firefighters Pension Scheme (FPS) data in line with The Pension Regulator's (TPR) guidance notes. The data was retrieved from the Altair system which currently holds FPS member and pension details and is used by Orbis to administer the scheme. ESFRS did not meet TPR data quality expectations (i.e., 100% or 95%) as only 89.7% of member records did not have a single common data failure and only 59.3% of member records did not have a single scheme-specific data failure. These figures will be reported on the next scheme return under the record keeping section.</p> <p>Since the data correction work has not been completed, transferring ESFRS' inaccurate and/or incomplete pension data to a new provider during the FPS administrator and pensioner payroll services provider transition will cause serious pension related risks to ESFRS and their FPS members.</p>	<ul style="list-style-type: none"> <li>• Work with JLT/Mercer to complete GMP reconciliation work</li> <li>• Ask SLT to decide on a reserve amount from £0 to £208,534.56 and complete a Stalemate Decision Log</li> <li>• Rectify data errors identified from the Data Quality Review in December 2018 before the next annual review</li> </ul>	<ul style="list-style-type: none"> <li>• Judith Sarpong</li> <li>• JLT/Mercer</li> <li>• Orbis Pensions</li> </ul>	Open	High	<ul style="list-style-type: none"> <li>o The scheme specific data errors can cause incorrect information to be relayed to scheme members in their Annual Benefit Statements (ABS) and other pension related documentation</li> <li>o The Fire Authority may get complaints from members whose records contain errors that have caused a detriment to their pensions</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Pension Benefit Statements (affected by incorrect data)</li> </ul>
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5	<b>Modified Arrears Scheme:</b> - Incomplete profiles	Altair	06-Feb-19	<p>There was an employment tribunal which resulted in the Part-Time Workers Directive.</p> <p>The scheme was modified to allow a new type of member called the 'special members' to join the 2006 scheme under terms similar to what they would have been on if they had joined the 1992 scheme. Fire Authorities had to contact all eligible retained firefighters to give them the choice to join the scheme and there was a legislative deadline in which to do so, 30 September 2015. There are:</p> <ul style="list-style-type: none"> <li>- 12 deferred FPS members who are yet to have their records updated;</li> <li>- 6 active FPS members who are yet to have their records updated.</li> </ul> <p>Orbis has currently been unable to update the above member records because the owners of the pension software Altair (i.e., Heywood) made changes to the software which removed the functionality that allows the records to be updated. Once the functionality is re-instated, Orbis has agreed to assign this task to a member of their staff to get this work completed urgently.</p>	<ul style="list-style-type: none"> <li>• Chase Orbis and Heywood to re-instate the system function within Altair which would have allowed Orbis to update the retained member records</li> <li>• Update the pension software (Altair) for the 18 retained firefighters who opted to join the Modified Arrears scheme once the system function has been re-instated</li> </ul>	<ul style="list-style-type: none"> <li>• Judith Sarpong</li> <li>• Heywood</li> <li>• Orbis Pensions (David Spencer)</li> </ul>	Open	Medium			
6	<b>HMRC Administrator Processes</b> - AFT - Event Reports - Pension Scheme Return (PSR)	Altair and HMRC online portal for practitioners	16-May-19	<p>Scheme Administrators must complete and send the following to HMRC:</p> <ul style="list-style-type: none"> <li>- Accounting for Tax (AFT) Returns;</li> <li>- Pension Scheme Returns (PSR); and</li> <li>- Event Reports (ER).</li> </ul> <p>What Orbis is doing in relation to these submissions since the departure of the member of staff who used to be responsible for these submissions:</p> <ul style="list-style-type: none"> <li>- <b>AFT:</b> This submission is currently up to date and is completed in line with the deadlines on 8.2.</li> <li>- <b>PSR:</b> According to HMRC Government Gateway Records, there has been no PSR request sent to Orbis by HMRC in the last six years on behalf of ESFA.</li> <li>- <b>ER:</b> According to HMRC Government Gateway Records, there has been no ERs recorded in the last six years by Orbis on behalf of ESFA.</li> </ul>	<ul style="list-style-type: none"> <li>• Ask Orbis to provide the name of the new staff member now responsible for submitting these reports</li> <li>• Keep an eye on this function to ensure deadlines are not missed</li> </ul>	<ul style="list-style-type: none"> <li>• Judith Sarpong</li> <li>• Orbis Pensions (liaise with Clare Chambers and Colin Bibb)</li> </ul>	Closed	Medium	01-Aug-19	Although closed, ESFRS need to occasionally check in with Orbis to ensure that submissions are being made on time by responsible individual. Orbis has now assigned a new member of staff (Clare Chambers) to these tasks. The Pensions Regulator may impose fines on ESFRS for missing submission deadlines.	o Tax Reporting/Payment deadlines

				Whilst these are all Administrator tasks, ESFA remain responsible for making sure they are all accurate and complete.						
7	<b>Pensionable Pay and incorrect Wage Types used in the payroll software SAP</b> - Additional Responsibility Allowance (ARA) - Training Centre Allowance (TCA) for Temporary roles - Other allowances	SAP and Altair	17-Jun-19	ESFRS' Payroll department have been using incorrect wage types to represent allowances in the payroll system SAP for a number of years without considering if the staff member is support or firefighter, and whether those allowances should be pensionable or not. It has also come to light that new wage types have to be created in SAP to correctly capture allowances relating to additional responsibility and training centre allowance (if attached to a temporary role).	<p><b>Additional Responsibility Allowance (ARA)</b></p> <ul style="list-style-type: none"> <li>• Ensure that ESFRS' payroll use the correct wage types (WT) in the payroll software (SAP) to account for Additional Responsibility Allowance for both support staff and firefighters</li> </ul> <p><b>Training Centre Allowance (TCA)</b></p> <ul style="list-style-type: none"> <li>• Ask ESCC's payroll governance manager to create an alternative wage type for temporary TCA so that the associated APB can be accounted for correctly</li> <li>• Inform ESFRS' payroll staff once new wage type is live and explain how and when they should be using it</li> </ul> <p><b>Other allowances</b></p> <ul style="list-style-type: none"> <li>• Ask ESCC's payroll governance manager to investigate why some wage types created to be used for certain allowances are not generating the correct figures in SAP</li> <li>• Inform ESFRS' payroll staff of what wage types to use and explain the pensionable/non-pensionable status implications if used incorrectly</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Wickham</li> <li>• Judith Sarpong</li> <li>• Orbis Payroll</li> <li>• Orbis Pensions</li> <li>• ESFRS Payroll</li> </ul>	Open	Low		

8	<b>Transitional Arrangements (Tapered &amp; Unprotected Members):</b> - FPS (1992/2006) to FPS (2015)	SAP and Altair	11-Jul-19	<p>A tapered member of the 1992 FPS who was supposed to move to the 2015 FPS on 27 February 2018 had not been moved in the payroll system (SAP) even though he had moved in the pension system (Altair). As a result, both the member and ESFRS have been paying the wrong employee and employer contributions spanning three tax years (17/18, 18/19 and 19/20) over a period of 17 months.</p> <ul style="list-style-type: none"> <li>• Upon investigation of the 1992 FPS records by the ESCC Payroll Governance Manager (Steve Wickham), it was found out that this one 1992 member record is the only one identified as not having a transition date entered in SAP to enable a move across to the 2015 FPS/CARE Scheme.</li> <li>• Upon investigation of the 2006 FPS records by the ESCC Payroll Governance Manager (Steve Wickham), it was found out that a member of the scheme also had anomalies in his record.</li> <li>• Upon Investigation, it was also found out that some tapered members had their CARE 2015 transitional dates recorded a day earlier in the Payroll system (SAP). The Payroll Governance Manager in ESCC (Steve Wickham) has advised that we should not change the tapered dates in SAP for those tapered members who have already transferred into the CARE 2015 as the one day discrepancy will cause minimal impact and would create a payroll nightmare if we were to change those dates. However, he has advised that we change the tapered dates for those tapered members who have not yet moved into the CARE 2015 scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Ask ESCC Payroll Manager (Natalie) to correct the 1992 FPS member record affected by this error</li> <li>• Ask ESFRS Payroll to correct the 2006 FPS member record with the anomaly and consider any issues with ABS</li> <li>• Ask ESFRS Payroll to go through the records of all tapered members who have not yet transferred into the CARE 2015 scheme and amend the records with the one-day discrepancy accordingly</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Wickham</li> <li>• Judith Sarpong</li> <li>• Orbis Payroll</li> <li>• Orbis Pensions</li> <li>• ESFRS Payroll</li> </ul>	Closed	<b>High</b>	30-Jul-19	<p>The Payroll Governance Manager in ESCC (Steve Wickham) has advised that we should not change the tapered dates in SAP for those tapered members who have already transferred into the CARE 2015 as the one day discrepancy will cause minimal impact and would create a payroll nightmare if we were to change those dates. If following this advice creates problems in the future, then this matter would have to be re-visited and the dates would have to be amended in SAP regardless how much administrative work would be involved.</p>	Annual Benefit Statements
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9	<b>Auto-enrolment:</b> - Notification and Status letters to staff	N/A	25-Feb-19	Auto enrolment letters are set out every month following a report issued by ESCC's payroll. It was noticed that: <ul style="list-style-type: none"> <li>• ESFRS' payroll team had a three month backlog of letters which had not been sent out to staff</li> <li>• the criteria being used by HR to decide on who to send letters to was incorrect</li> <li>• the letters that were being sent out did not have the correct wording</li> <li>• letters were being sent out to staff who did not require letters as the content was already addressed by HR in their contracts and introductory letters</li> <li>• staff who required letters and postponement notification were not being written to</li> </ul>	<ul style="list-style-type: none"> <li>• Seek advice on auto-enrolment procedure from ESCC's Payroll Manager (Natalie Kurz)</li> <li>• Ask Natalie for the right criteria in assessing which staff to send letters to</li> <li>• Ask Natalie for any template letters they have and tailor it to ESFRS</li> <li>• Train ESFRS' payroll team on the criteria</li> <li>• Show ESFRS' payroll team what letters to send out and the location of the amended templates</li> <li>• Ask HR to help in clearing the three month backlog of auto-enrolment letters that had not been sent out by payroll</li> <li>• Check a month after to ensure that ESFRS' payroll team is applying the new rules and keeping on top of the letters to avoid any more backlogs going forward</li> </ul>	<ul style="list-style-type: none"> <li>• Judith Sarpong</li> <li>• Orbis Payroll Manager</li> <li>• ESFRS Payroll</li> <li>• ESFRS HR</li> </ul>	Closed	Low	21-May-19	ESCC and ESFRS payroll have to work together to ensure that the three-year re-enrolment process happens on time. <p>There are four steps to the re-enrolment process - three (i.e., steps 1, 2 and 4) to be carried out by ESCC payroll and one (i.e., step 3) to be carried out by ESFRS payroll. At the time of writing this log, ESCC payroll were in the process of refining the re-enrolment procedure and informed ESFRS that step 4 in this round of re-enrolment will be due around October 2019 and they will send ESFRS notification accordingly.</p> <p>Once re-enrolment has been processed for the first time, the next re-enrolment window will be calculated from the previous re-enrolment date.</p> <p>For example:  At the time of last updating this document on 15 April 2019, the key dates for ESFRS were:</p> <ul style="list-style-type: none"> <li>• <b>Previous re-enrolment date:</b> 1 October 2016</li> <li>• <b>Next re-enrolment window opens:</b> 1 July 2019</li> <li>• <b>Next re-enrolment window closes:</b> 31 December 2019</li> <li>• <b>Next re-declaration deadline:</b> 2 March 2020</li> </ul> <p>Your duties will depend on whether you have staff to put back into your pension scheme or not. Either way, you or your payroll provider will need to complete a re-declaration of compliance to tell The Pensions Regulator how you have met your duties. Re-enrolment and re-declaration are legal employer duties and hence employers who don't act could be fined.</p>	Re-enrolment
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10	<b>Pensions Page/Portal:</b> - LGPS - FPS - Pensions Board	ESFRS website	15-Jan-19	Staff members with pension queries were contacting HR and payroll teams and majority did not know that they should be directing their queries towards the pension administrators Orbis or East Sussex Pension Fund (ESPF). Majority of ESFRS' support staff did not also know that they had access to existing member and scheme portals where they could find information on their Local Government Pension Scheme (LGPS). On the other hand, ESFRS' firefighters did not have a member or scheme portal. Enquiries sent to HR and payroll by Firefighters highlighted that ESFRS' Firefighters felt unsure about their pensions and where to go for information.	<ul style="list-style-type: none"> <li>• Create a new pensions page that can be accessed via the internet and intranet</li> <li>• Create a scheme portal for firefighter pensions</li> <li>• Inform all staff and the pension administrators (Orbis) about the newly created pensions page and highlight the new FPS portal to firefighters so they know where to go for information</li> <li>• Update the FPS portal whenever there are changes in regulation or new judgements that affect how certain pension related issues are dealt with</li> </ul>	Judith Sarpong	Closed	Low	08-Apr-19	As rules and regulations change and new pension related judgements arise, it is important to ensure that the new FPS portal is updated accordingly. This will ensure that Firefighters have the most up-to-date and accurate source of information.	New Pension Regulations and Judgements
11	<b>Privacy Notice:</b> - DPA - GDPR	ESFRS website	18-Jan-19	From 25 May 2018 the EU General Data Protection Regulation (GDPR) introduces new legislation governing the collection, use, and processing of personal data. While many of the provisions remain the same as the existing Data Protection Act, "new elements and significant enhancements" will impose new responsibilities on schemes by granting a number of additional rights to data subjects. Each Fire Authority is considered to be a Data Controller for pension scheme data and as such determines how, and for what purposes, data is to be processed. As Data Controllers, Fire Authorities are responsible for ensuring compliance with GDPR.  East Sussex Fire and Rescue Service (ESFRS) needed to generate the pension privacy notices and send them to Orbis to issue to scheme members. However, this did not happen for almost eight months after GDPR came into force.	<ul style="list-style-type: none"> <li>• Draft and send to Orbis a Privacy Notice Letter - to be sent out to Pensioners and Widows/Dependents only. This is because Active and Deferred members will be sent the Privacy notice or link to it in their 2019 Annual Benefit statement on 31 August 2019</li> <li>• Draft and send to Orbis a Cover Letter and Full Privacy Notice - to be sent out by Orbis only if any Pensioner or Widow/Dependent wants an email or paper copy of the Full Privacy notice – if they do not wish to access the online link/version</li> <li>• Liaise with Daryll Luxford (Data Protection Officer) and Mark Todd (ESFRS Website Administrator) to insert a link to the Pension Privacy Notice within the current general privacy notice on the ESFRS website.</li> </ul>	Judith Sarpong	Closed	Medium	31/01/19	If ESFRS change pension administrator, the privacy notice will need to be updated to reflect the new administrator's details. The section on 'Organisations that we may share your personal data with' will also need to be amended.  Additionally, if DPA or GDPR rules change, the privacy notice will need to be amended to comply with the changes.	DPA and GDPR