

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	Lynne Swift, Director of People & Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Pensions update
EXECUTIVE SUMMARY	<p>This report provides an update on the various pension related activities currently being managed by the Authority, and the impact for the Service.</p> <p>Over the last two years the Authority has experienced a significant and unprecedented volume of work on pension related matters, with the level of complexity and administrative burden being met mainly within the HR team, supported by Finance. Pension related work is expected to continue at a high level for the foreseeable future. Current and future known pension issues are detailed in Annex 1.</p>
ACTION	Information.
RECOMMENDATIONS	It is recommended that the Executive Committee note the update on pension matters within the Authority.
RISK MANAGEMENT	<p>Initial risk assessment has identified potential risks as follows:</p> <p>Timescales: Some of the deadlines set have been tight and will continue to be a challenge to meet as the different elements of pension matters are dealt with at the same time.</p> <p>Response times from the current pension administrator remains slow and continues to impact on the Authority's delivery. However with the focussed efforts of the HR staff all deadlines have been met.</p> <p>The Guaranteed Minimum Pension (GMP) reconciliation project will coincide with the transfer of the pension administration. The Authority will need to be assured that the current and future providers are explicitly clear in</p>

	<p>their separate responsibilities in this important reconciliation work.</p> <p>Administration: The changes to the pension schemes has created huge administration burden and increased bureaucracy with little added benefit to the Authority. The Authority is currently procuring new pension administration arrangements and will be transferring the Firefighter Scheme administration from 2016. Members of the HR team continually review processes and will be involved in a pensions audit in early November 2015, which will further aid improvement to pension related matters.</p> <p>The Director of People & Organisational Development remains in regular contact with BCC at Director level over services and has agreed priorities to be delivered and to ensure a smooth transition to a new pension administrator.</p> <p>Legal challenge: the FBU have started the process of a legal challenge on the transitional protections in the 2015 Pension Scheme Regulations, in respect of potential discrimination. As Members will be aware, the Scheme was not instigated locally and accordingly the challenge is being responded to centrally by the DCLG.</p> <p>Regulations: With all the changes to the pension schemes and continued pension related issues being raised, there is a risk of inadequate knowledge and understanding on how to tackle these matters. To mitigate these potential risks, appropriate staff have, and will continue to attend, regional meetings and relevant training events to increase and share knowledge and understanding. This aspect is wider than just the firefighter pension Regulations as the Government proceeds with other national changes that will affect pensions from 2016 onwards.</p> <p>The Director of People and Organisational Development will continue to recommend part funding of the LGA expert National Pensions Advisor to mitigate risk and support knowledge acquisition.</p>
<p>FINANCIAL IMPLICATIONS</p>	<p>There are no financial implications arising from this report, however any on-going training requirements for members of the Local Pension Board and HR team may be appropriate which may have a small financial cost associated with it. Any costs will be accommodated within existing budgets.</p> <p>The financial implications of specific initiatives, such as</p>

	<p>the Norman case and the Modified Scheme have been raised in earlier decision papers and are included within the annual accounts. It is likely that employer contributions for the Modified Scheme will be increased as part of future valuations, rather than requiring a one-off lump payment. The paper 'Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan' recommends that this reserve is reallocated for other purposes.</p>
LEGAL IMPLICATIONS	<p>The Authority will continue to comply with the Scheme Regulations and Pension Regulator's requirements.</p>
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	<p>The Authority is collaborating with Royal Berkshire Fire Authority for the provision of a new pension administration service for the Firefighter Pension Schemes and will look to further collaborate on pension related matters, such as a joint Local Pension Board.</p>
HEALTH AND SAFETY	<p>There are no health and safety implications.</p>
EQUALITY AND DIVERSITY	<p>Appropriate equality assessments of the National pension schemes have been completed centrally by DCLG.</p> <p>Other equality and diversity requirements are included and accounted for as appropriate.</p>
USE OF RESOURCES	<p>Communication with stakeholders: Stakeholder communication will remain a significant element of the continued successful implementation of the pension schemes.</p> <p>A primary function of the Local Pension Board will be to look at the communications strategy to ensure important information is effectively delivered.</p> <p>The system of internal control: Regular reports will be provided to the Strategic Management Board, Executive Committee and Fire Authority as necessary. Pension administration arrangements will also be subject to internal audit schedules.</p> <p>The balance between spending and resources: Funding for any additional expenditure will be identified as appropriate. Additional training requirements will need to be established for members of the Local Pension Board as detailed understanding will be required and therefore specialist training sourced and funded. Any training requirements will be built into the Authority's annual plan.</p> <p>The arrangements to promote and ensure probity</p>

	<p>and propriety: Current audit arrangements and service level agreements will ensure compliance in accordance with any recommendations from the audit. A new SLA will be introduced as part of the contractual arrangements with the new pension administration provider.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background:</p> <ul style="list-style-type: none"> • Independent Public Service Pensions Commission: final report by Lord Hutton, published 10 March 2011 http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf • Public Services Pensions Act 2013 http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act • 19 November 2014 Executive Committee paper: Response to consultation on Firefighters' Pension Scheme 2015:Proposals for new governance arrangements http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf • 18 March 2015 Executive Committee paper: Firefighters' Pension Scheme 2015: Proposed new governance arrangements http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Committee_180315.pdf
<p>APPENDICES</p>	<p>Annex 1 - Pensions update.</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Faye Mansfield, Human Resources Development Manager fmansfield@bucksfire.gov.uk 01296 744623</p>