

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	21 September 2016
OFFICER	Lynne Swift, Director of People and 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. This report is further to the last pension update presented to the Executive Committee on 18 November 2015.</p> <p>The Authority continues to experience a significant volume of work on pension related matters; as legislation is amended with limited clear guidance on the practical application, often resulting in limited consistency amongst the Fire Authorities as they interpret the amendments differently; the time consuming requirement to revisit work completed over a number of years; the increased statutory and ad-hoc reporting requirements and additional compliance burden with HMRC; the administration burden being effectively doubled due to the above and also now dealing with two pension scheme administrators.</p> <p>The level of complexity and administrative burden is met by the limited resources within the HR team.</p> <p>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 A.</p>
ACTION	Information.
RECOMMENDATIONS	It is recommended that the update on pension matters within the Authority be noted.
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</p>

	<p>different elements of pensions are dealt with.</p> <p>Administration: The changes to the pension Schemes created huge administration burden and increased bureaucracy with little added benefit to the Authority. The Authority procured a new pension administrator for the Firefighters’ Pension Schemes in January 2016 and significant work has been undertaken to ensure the seamless transfer of active, deferred and retirement Scheme membership data and pensioner payroll by the go live date of 1 April 2016.</p> <p>Resources: The administrative burden within HR will continue; with limited resources dedicated to pension work, the complexity of knowledge necessary and the increased data requirements. To mitigate the risks those responsible for pension related matter will continue with their learning and development to aid understanding and will continue to liaise and collaborate with the regional groups.</p> <p>Legal challenge: There are currently two legal challenges, regarding transitional protection and contributions and contributions holiday. As both claims relate to the Scheme which have not been instigated locally, both challenges are being responded to by central government in conjunction with the LGA.</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 continue to affect pensions.</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, support knowledge acquisition and reinforce consistency amongst the different Fire Authorities.</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</p>

	<p>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 converting the Turntable Ladder and Training allowances to be pensionable have been raised in earlier decision papers.</p> <p>The financial implications of the contributions holiday legal challenge will mean that affected Scheme members from 1 September 2016 will require a refund of contributions. A process will be carried out to provide this via a GAD calculator and this is expected early autumn. GAD and the Home Office are currently working on the tax issues. This will continue to be monitored and further information provided once known.</p>
LEGAL IMPLICATIONS	<p>The Authority will continue to comply with the Scheme Regulations and The Pension Regulator’s requirements.</p>
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	<p>The Authority has collaborated with Royal Berkshire Fire Authority on the provision of a pension administration service for the Firefighter Pension Schemes and continues to collaborate with Royal Berkshire Fire Authority on pension related matters, such as Scheme Manager Pension Discretions.</p> <p>The Authority continues to collaborate with the Eastern and South regional pension groups; for networking, joint learning, development and understanding and the development of pension related policies and procedures. These groups also feed into the regional technical groups and Scheme Advisory 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 may need to be established for members of the Local Pension Board and members of the HR team 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 and propriety: New Service Level Agreements (SLA’s) have been introduced as part of the contractual arrangements with West Yorkshire Pension Fund and amended for Buckinghamshire County Council. Current audit arrangements and service level agreements will ensure compliance in accordance with any recommendations from audits.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background:</p> <p>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> <p>18 November 2015 Executive Committee paper: Pensions update http://bucksfire.gov.uk/files/4514/5529/0139/Executive_Committee_181115.compressed.pdf</p>
<p>APPENDICES</p>	<p>Annex A - Pensions update</p> <p>Appendix 1 – Highlight report January 2016</p> <p>Appendix 2 – Highlight report February 2016</p> <p>Appendix 3 – Highlight report March 2016</p> <p>Appendix 4 – Highlight report April 2016 onwards</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>

REPORT ORIGINATOR AND CONTACT	Faye Mansfield, Human Resources Development Manager fmansfield@bucksfire.gov.uk 01296 744623
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