



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Fire Authority
DATE OF MEETING	10 June 2015
OFFICER	Lynne Swift, Director of People and Organisational Development.
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Scheme Manager Discretions for the Firefighters' Pension Scheme 2015
EXECUTIVE SUMMARY	<p>As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Schemes.</p> <p>The main Regulations (Statutory Instrument 2014 No.2848 Public Service Pensions) introducing a new Firefighters' Pension Scheme, effective from 1 April 2015 were laid before Parliament on 28 October 2014. Various consultations followed, mainly relating to transition arrangements and scheme governance. The final Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 were laid before Parliament on 5 March 2015, and also came into force on 1 April 2015.</p> <p>The Authority's governance arrangements for the new Firefighters' Pensions Scheme 2015 were approved by the Executive Committee at their meeting on 18 March 2015.</p> <p>This report sets out the proposed immediate position required by Buckinghamshire and Milton Keynes Fire Authority (BMKFA) on discretions within the Firefighters' Pension Scheme 2015. The 2015 Scheme Regulations set out 52 discretions available to the Authority to consider, however only three require immediate consideration.</p> <p>There are three Scheme Manager discretions within the Firefighters' Pension Scheme (England) Regulations 2014 which the Authority is required to have an immediate position on, these are:</p> <ol style="list-style-type: none"> 1. Delegation (Regulation 5) 2. Pensionable pay (Regulation 17) 3. Contributions during absence from work (Regulation 111) <p>These are detailed in Appendix 1.</p>

	<p>It is proposed to present a follow up report on the remaining 49 2015 scheme discretions in the autumn 2015 when general, legal and procedural matters have been resolved and pensions administrator and governance training completed.</p> <p>A significant number of the remaining discretions have no impact on employees until 2022.</p>
ACTION	Decision.
RECOMMENDATIONS	It is recommended that the Firefighters' Pensions Scheme 2015 discretions policy statement as detailed in Appendix 1 be agreed and adopted with immediate effect.
RISK MANAGEMENT	<p>There is a requirement for the Scheme Manager to ensure delegated powers are appropriate and current. There are no identified risks as the protocols are the same for the other already established 1992 and 2006 Firefighters' Pension Schemes.</p> <p>Continual Professional Development Payments (CPD) are currently treated as an additional pensions benefit for members of the 1992 and 2006 Firefighters' Pension Schemes. To mitigate inconsistency and perceived unfairness it is proposed the approach to CPD is kept in line with the current practice and it is treated as pensionable pay. CPD is now payable linked to performance evidence via appraisals.</p> <p>Contributions during absence from work except trade disputes will be determined on a case by case basis due to the diverse nature of absences and risk will be determined and appropriately mitigated as part of each case review.</p> <p>For trade disputes, the Authority has already adopted the option for members of the 1992 and 2006 Schemes to pay the employer contributions as well as employee contributions as its position on pension buy back arrangements. It is proposed to continue with this current arrangement for the new 2015 Scheme.</p>
FINANCIAL IMPLICATIONS	<p>The Authority in exercising the discretionary powers available under the above Regulations has acted with due prudence and propriety and considered the financial impact of applying the discretions.</p> <p>A high-level summary of the employer pension contribution costs in relation to CPD has indicated that the current cost is £21,000 per annum. If CPD is pensionable in the 2015 Scheme the total cost across all firefighter pension Schemes is reduced to £19,000 per annum. If CPD were to be non-pensionable in the 2015 Scheme the employer's cost is further reduced</p>

	<p>to £12,000 per annum. This option was considered however the Authority has recently introduced a revised CPD payments procedure, which links CPD with evidenced performance and is a foundation to support future employee proposition proposals.</p> <p>These figures are based on the position at 1 April 2015 i.e. employees with taper protection remaining in the 1992/2006 Schemes. As time progresses the overall costs will reduce slightly. The difference between the £21,000 and £19,000 figures is due to the reduced employer contribution rate for those moving on to the 2015 Scheme from 1 April 2015.</p> <p>There are no other immediate financial implications to the Authority of adopting the proposed immediately required discretions. The approach taken in the proposed statement considers costs and reduces where appropriate, however not to the extent that it would be to the Authority's disadvantage.</p>
LEGAL IMPLICATIONS	<p>These changes are being incorporated into the Firefighters' Pension Scheme 2015 which came into effect on 1 April 2015.</p>
HEALTH AND SAFETY	<p>There are no health and safety implications of the proposed statement.</p>
EQUALITY AND DIVERSITY	<p>Appropriate equality assessments of the Firefighters' Pension Scheme 2015 have been completed by DCLG. A link to the main equality impact assessment is provided in the background section of this report.</p> <p>The Authority in exercising the discretionary powers available under the above regulations has acted with due prudence and propriety and considered the equality and diversity impact of applying the discretions.</p> <p>Transfers into the 2015 Scheme from the existing 1992 and 2006 Schemes are based on date of birth as at 1 April 2012. Members of the 1992 Scheme, who were under 41 years old as at 1 April 2012, transfer into the 2015 Scheme from 1 April 2015 with their 1992 accrued pensions benefits fully protected. For 2006 Scheme members who were under 46 years old at 1 April 2012, transfer into the new 2015 Scheme from 1 April 2015 with their 2006 accrued benefits fully protected.</p> <p>The Normal Pension Age (NPA) of 60 and tapered arrangements are in place for those 41 to 45 years old (1992 Scheme) and 46 to 50 years (2006 Scheme); age as at 1 April 2012.</p> <p>Government policy is to protect those public servants who as at 1 April 2012 were within 10 years of their pension Scheme's NPA. For the 1992 Scheme the NPA</p>

	<p>is 55 years and 2006 Scheme is 60 years.</p> <p>With the introduction of the Firefighters' Pension Scheme 2015, 292 employees are automatically transferred into the new Scheme from April 2015 with a further 73 employees with taper protection and transferring into the Scheme between May 2015 and March 2022.</p> <p>81 employees are within 10 years of retirement and are fully protected.</p> <p>From 1 April 2015 over 60 per cent of the Authority's firefighters' are members of the new 2015 Scheme.</p>
<p>USE OF RESOURCES</p>	<p>Communication with stakeholders: Stakeholder communication is a significant element of successful implementation of the Firefighters' Pension Scheme 2015. Communication will be via the normal channels. To fully inform staff, face to face briefings have been undertaken on the new Scheme supported by separate communication via the intranet and personal letters to home addresses.</p> <p>The system of internal control: Regular reports will be provided to the Strategic Management Board, Executive Committee and Fire Authority as necessary. In addition the new Local Pension Board will have a statutory responsibility to oversee the governance of the Schemes.</p> <p>The balance between spending and resources: Adoption of the proposed pension discretions will contribute to the Authority achieving its strategic aim to 'manage all our resources to provide the best value for the residents and businesses of the communities we serve' as it contributes to managing workforce size to achieve a balanced budget.</p> <p>The arrangements to promote and ensure probity and propriety: Current audit arrangements and service level agreements are being revised as appropriate to ensure compliance.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background</p> <p>Statutory Instrument 2014 No.2848 Public Service Pensions: The Firefighters' Pension Scheme (England) Regulations 2014: http://www.legislation.gov.uk/ukxi/2014/2848/pdfs/ukxi_20142848_en.pdf</p> <p>LGA Scheme Manager Discretions: The Firefighters' Pension Scheme (England) Regulations 2014 SI2014/2848 https://www.ddfire.gov.uk/sites/default/files/attachments/Item%208%20Appendix%20A.pdf</p> <p>November 2014 Firefighters' Pension Scheme</p>

	<p>2015 – Equality Statement: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367671/Firefighters_Pension_Scheme_2015_Equality_Statement.pdf</p> <p>18 March 2015 Executive Committee report: Firefighters' Pension Scheme 2015: Proposed new governance arrangements http://bucksfire.gov.uk/files/5814/2564/3988/ITEM_8_Firefighters_Pension_Scheme_2015_Report_to_Executive_Committee_18.03.15_Annexes.pdf;</p> <p>18 September 2013 Executive Committee Report Employer Pension Contribution options during Strike Action(item 12) http://bucksfire.gov.uk/files/4714/0631/0051/180913_Executive.pdf</p> <p>17 July 2013 Executive Committee report: Amendments to the Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006 http://bucksfire.gov.uk/files/4114/0631/0051/170713_Executive.pdf</p>
APPENDICES	Appendix 1 – Scheme Manager Discretions -The Firefighters' Pension Scheme (England) Regulations, Policy Statement.
TIME REQUIRED	10 minutes.
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