

Hampshire Fire and Rescue Authority

Fire Pension Board

Item 6

14 April 2016

Pensions Issues Log

Report by Head of Finance

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1 Summary

1.1 This report summarises the range of current issues related to the administration and management of Firefighters pensions which largely arise from recent changes to schemes and employment tribunal matters. Progress toward resolution of these issues is summarised below and in the pensions issues log attached to this report.

2 Recommendations

2.1 That the contents of this report which summarises progress toward resolution of the pensions issues for Hampshire Fire and Rescue Service be noted.

3 Introduction and background

3.1 The purpose of this report is to summarise, for awareness of the Board, the full range of current pension related issues which require resolution, to confirm progress on these issues and to report on those aspects which have been completed.

4 Pensions Issues Log

4.1 Attached to this report at Appendix 1 is the pensions issues log which has been created to assist in the effective management and monitoring of these matters. The log includes the following key updates since the last Pension Board meeting in January 201:

- Progress on a number of on-going issues has been noted on the log.
- No issues have been closed during the last quarter
- Three new issues have been added to the log since the last meeting these are outlined in the following sections of the report.

5. Treatment of Temporary Promotions – 2015 Scheme

- 5.1 In February 2016 it was identified that temporary promotions were erroneously treated by payroll as pensionable under the 2015 scheme. This means that pensions contributions have been deducted where they should not have been and work is required to refund these and ensure the correct application of the rules of the 2015 scheme. Corrections for whole time staff were undertaken in the March 2016 payroll and a communication has been published providing a help line for employees with queries about this matter. The calculations and system issues for RDS staff are more complex, but the numbers involved are far fewer and will be adjusted in the new financial year.

6. FPS Briefing Session to Members

- 6.1 It has been confirmed that the first year of the care benefit statements for FPS members are due to be published by 31 August 2016. Accordingly, briefing sessions for FPS Members have been arranged as follows:

- 14 September 2016 – Eastleigh
- 22 September 2016 – Southsea
- 6 October 2016 – Rushmoor

Arrangements will be made to publish these dates in the Summer.

- 6.2 It is also worth informing pension board members that briefing sessions for senior managers across Fire, Police and Hampshire County Council were held in late March in order to inform them about tax issues as they relate to pensions and ways of mitigating the potential impact these can have on individuals.
- 6.3 The sessions were arranged, mainly as a result of changes to the Annual Allowance position, the reduction in the Life Time Allowance from £1.25m to £1m that comes into force in April 2016 and also to potentially pick up on any changes announced in the Budget on March 16th, although there was nothing significant beyond what had already been announced.
- 6.4 The sessions were well attended, but highlighted again (across the sector) the lack of professional advice that is available, both in respect of public sector pension schemes themselves and how tax affects them.

7. Communication to Members – Re-employment Policy

- 7.1 All Fire and Rescue Authorities should have a re-employment policy in place and ensure that the policy conditions are met on re-employment of an officer who has retired under the age of 55, including those who have a concurrent retained employment. The effect of the determination is that Pension Boards and Scheme Managers should ensure that information on important tax changes is provided to employees who are or may be affected by them. This is not just in relation to protected pension ages, but with regards possible tax charges that may be applied on exceeding annual allowance or lifetime allowances. Work is in-hand to identify how best to ensure communication of this information, potential linked to HFRS leaver actions and information.

7.2 In line with the wider responsibilities outlined in the determination, HFRS has provided information to all staff on tax and NI changes that are due to come into force in April 2016 and as mentioned in Section 6 have undertaken briefings to senior managers in respect of annual and life time allowance tax issues.

8. Update on Actions arising from January 2015 Board Meeting

8.1 Following the previous Board meeting, the Head of Finance wrote to Clair Alcock at the LGA about a number of issues. A further conversation was held with Clair about the email and a summary of the answers to each of the queries is contained in Appendix 2.

8.2 A briefing session for Pension Board Members regarding the 2015 FPS and on-line training materials will take place on the same day as the next Board meeting.

8.3 Following discussion at the January meeting a report has been made to the pension regulator regarding the failure to implement the change in regulations which required pensionable temporary promotions to be treated as an Additional Pension Benefit rather than normal pensionable service.

8.4 Finance and General Purposes Committee has now made the decision that Temporary promotions since 2013 should be pensionable and as such will be subject to an Additional Pension Benefit (APB) rather than contributing to defined benefits under the final salary scheme.

8.5 Initial data has been extracted that shows a total of 207 individuals are affected by this issue, which will require separate validation and a formal project plan has been submitted to The Pension Regulator following a request from them. The Head of Finance was also asked to investigate the position of a firefighter who was previously on a temporary promotion that should have been subject to an APB, but has subsequently retired on the basis that the temporary promotion has contributed to his final salary based pension benefits. The initial data indicates there may be 6 individuals in this position.

8.6 The response received was that we would need to look at the individual impact for each firefighter in undoing this position and consider whether or not the amount was material. Where it was considered material, the time and cost involved in undoing the position would need to be weighed against the potential for a challenge that is likely either to be found in their favour or go through to the Pension Ombudsman who may find in favour of the firefighter, bearing in mind that the ultimate financial impact will be a cost to the national scheme.

9 Conclusion

9.1 The management and administration of Firefighters pensions continues to be complex and drawing significant capacity from corporate shared services. With the addition of further national developments and to ensure necessary progress is maintained additional resource has been put into place to support the management of Fire Pension matters. This resource is currently located within the Finance and Human Resources Shared Services Teams.