



AGENDA ITEM: 11

NORTH WALES FIRE AND RESCUE AUTHORITY

15 June 2015

FIREFIGHTERS PENSION SCHEMES DISCRETIONARY POLICY STATEMENT

Report by Dawn Docx, Deputy Chief Fire Officer

Purpose of Report

- 1 To inform Members of the requirement for the Authority to produce a Firefighters Pension Discretionary Policy Statement.
- 2 To seek approval of the resolutions within the Firefighters Pension Scheme Discretionary Policy Statement and to seek approval that, on behalf of the FRA, decisions will be delegated on a day-to-day basis to the Chief Fire Officer and Treasurer.

Background

- 3 There are currently four pension schemes in place for firefighters, the 1992 scheme (FPS), the 2006 scheme (NFPS), the RDS modified pension scheme (MPS) and the 2015 scheme. This policy sets out some of the discretions applicable to the schemes and seeks approval of the Authority to an approach to dealing with these discretions.
- 4 Both the 2015 and RDS MPS have been laid in parliament in the last few months, both entail further discretions that are yet to be fully appreciated, therefore, further discretions will be included within the Policy Statement at a later date.

Recommendation

- 5 Members are requested to approve each discretionary resolution within the Firefighters Pension Scheme Discretionary Policy Statement and to delegate day-to-day decisions to the Chief Fire Officer and Treasurer.

Firefighters' Pension Scheme Discretionary Policy

Document type: Policy

Version number: 1

Date review due: June 2016

PART A

The firefighters' pension scheme orders require every employer to (i) issue a written policy statement on how it will exercise the various discretions provided by the scheme, (ii) keep it under review and (iii) revise it as necessary. This document meets these requirements and the organisation decision on these.

The following discretions are subject to change, either in line with any change in regulations or by due consideration by the Authority. These provisions do not confer any contractual rights.

PART B

FPS (92), NFPS (2007) and NFPS 2015 Scheme Discretions and Regulations	Recommendations
<p>1. FPS (A) Rule B7 (5a) Increasing of commutation limit</p> <p>This proposal will allow employers the ability to permit those 1992 scheme members with less than 30 years' service and under age 55 years to commute the maximum of a quarter of their pension for a lump sum on retirement. Under the new provision, the employer would be liable for any additional cost which could be substantial should they exercise this discretion. A full business case would be needed demonstrating the economical, effective and efficient management of its functions with associated costs.</p>	<p>It is recommended that the discretion be adopted, but individual proposals be examined on a case by case basis depending on the needs of the Service and agreed by the Chief Fire Officer on advice from the Treasurer.</p>

FPS (92), NFPS (2007) and NFPS 2015 Scheme Discretions and Regulations	Recommendations
<p data-bbox="188 271 868 376">2. FPS (1992) Rule K4 Withdrawal of a pension whilst employed by a fire and rescue authority (abatement)</p> <p data-bbox="188 416 868 875">To amend the 1992 scheme to widen the employers discretion to abate a pension paid to a member who is reemployed in any role by any fire and rescue authority; and to require the employer that is paying the pension to pay into the pension fund the amount of pension that is paid that could have been subject to abatement under the scheme rules. The requirement for the employer to be liable for the costs where they do not exercise the discretion to abate a members' pension would apply to both the 1992, 2007 and RDS schemes.</p> <p data-bbox="188 916 868 1048">Amendment Order 2013 requires the employer to reimburse the pension fund in the instance where they do not exercise the discretion to abate a member's pension on re-employment.</p>	<p data-bbox="890 271 1437 338">It is recommended that the discretion be adopted.</p>
<p data-bbox="188 1061 868 1128">3. NFPS 2015 Scheme Delegation (Regulation 5 (2))</p> <p data-bbox="188 1169 767 1265">The scheme manager must ensure that delegated powers are appropriate and current</p>	<p data-bbox="890 1061 1437 1128">It is recommended that the discretion be applied.</p>
<p data-bbox="188 1279 868 1346">4. NFPS 2015 Scheme – Employer initiated retirement (Regulation 62).</p> <p data-bbox="188 1386 868 1630">An employer can determine that an active member age 55 or over but under age 60 who on the grounds of business efficiency is dismissed or has their employment terminated by mutual consent, can receive immediate payment of retirement pension without the early payment reduction.</p> <p data-bbox="188 1671 868 1915">An employer may only use this discretion if the employer determines that a retirement pension awarded on this basis would assist the economical, effective and efficient management of its functions having taken into account of the costs likely to be incurred in the particular case. (Regulation 62 (1) and (2).</p>	<p data-bbox="890 1279 1437 1480">It is recommended that the discretion be adopted, but individual proposals be examined on a case by case basis depending on the needs of the Service and agreed by the Chief Fire Officer on advice from the Treasurer.</p>

FPS (92), NFPS (2007) and NFPS 2015 Scheme Discretions and Regulations	Recommendations
<p>5. NFPS 2015 Scheme - Pensionable pay (Regulation 17). The scheme manager has discretion to determine if continual professional development payments are to be treated as pensionable pay. (Regulation 17 (1)(d).</p> <p>Previously CPD payments were treated as pensionable and included in benefit awards as Additional Pension Benefits</p>	<p>It is recommended that the discretion be adopted. In the interest of fairness and consistency CPD payments will continue to be pensionable.</p>
<p>6. NFPS 2015 Scheme- Contributions during absence from work due to illness, injury, trade dispute or authorised absence (Regulation 111).</p> <p>Where an active member is absent from scheme employment because of illness or injury and not entitled to receive pensionable pay, or because of trade dispute or authorised unpaid absence, they may pay member contributions; if they do, the scheme manager may require that they should also pay the employer contributions. (Regulation 111(2), (3) and (4).</p>	<p>Each case will be considered on its own merits following full consideration of all financial and service delivery implications.</p>
<p>7. Request for acceptance of a transfer payment (Regulation 141). This applies to all schemes.</p> <p>There is a time limit of one year from becoming an active member in which a person can request a transfer payment from a non-occupational pension scheme. The scheme manager has the discretion to extend this period.</p>	<p>It is not the policy of the Authority to consider extending the time limit for a transfer in of previous pension rights to proceed after twelve months of joining unless:</p> <p>(i) the scheme member has requested that investigations commence within the twelve month time limit, or</p> <p>(ii) if there is reason to believe that the individual would not have known of the need to request an investigation into potential transfer in or previous pension rights within the twelve month time limit, and the HR &/or pension files support this. Only in exceptional circumstances will a longer period be allowed so long as there is no known reason or prospect of the employee having access to their pension rights within the next 12 months.</p>