

## NORTH WALES FIRE AND RESCUE AUTHORITY

27 MARCH 2006

### UPDATE ON PENSIONS

Report by the Clerk

#### Purpose of Report

- 1 To update the Fire and Rescue Authority on the Welsh Assembly Government's progress with legislation on pensions etc.

#### Background

- 2 Responsibility for pensions of firefighters transferred to the National Assembly in November 2004 with the commencement of the Fire and Rescue Services Act 2004. At its meeting on 19 September 2005, the Authority resolved to send a letter to the Minister to express concern at the delay in proposals for a new scheme and the potentially adverse impact on firefighters in Wales. The Minister confirmed in a letter of 3 October that "new arrangements for pensions, including financing, should be implemented from 1 April 2007" and acknowledged that the implications of the Civil Partnership Act 2004, which came into force on 5 December, "need to be reflected in Wales". Further correspondence with AMs who pursued the issue revealed that it was intended that the provisions of the new pension scheme would be backdated to 1 April 2006 (the Assembly's powers allow retrospective provision in respect of pensions etc.).
- 3 The latest position is as follows:
  - 3.1 to date, **the Welsh Assembly Government has not issued any circular to Fire and Rescue Authorities or to staff about its plans for legislation on a new scheme, the content or the timetable.** This contrasts with a raft of such documents from the ODPM in respect of England;
  - 3.2 an undated consultation letter was received on 10 March which seeks comments by 1 April on **an amending order for the existing pension scheme.** This deals with consequential amendments required by the Fire and Rescue Services Act 2004 (changing "fire authority" to "fire and rescue authority", for example) and the Civil

Partnership Act 2004, as well as a few minor tidying up amendments. The order does not implement a new pension scheme that would be available to retained and regular firefighters. In conjunction with the Assistant Chief Officer (Corporate Services), I have identified a number of minor comments on the draft order which will be sent to WAG officials by the deadline;

- 3.3 on 2 February, ODPM issued a circular which explained that the current **arrangements for paying compensation** in the event of death or injury are in essence illegal and that a new statutory scheme would be introduced in England with effect from 1 April. Among other things, this would ensure that any non-contributory awards of compensation are not subject to taxation under the tax rules for pensions which come into force in April. I contacted a very senior WAG official on 5 February to ask for confirmation that WAG had grasped the need to implement change in Wales, and when it was intended to consult on draft legislation. On 19 February, a reply was received that "We are aware of the need to make changes to the pension scheme and we are trying to keep as close as possible to the ODPM timetable. We will consult as soon as we have clarity on the issue." On 15 March the ODPM issued for a very short consultation draft legislation to put the compensation scheme on a statutory footing in England and to make various other changes to the pension scheme including some that are required because of the new taxation arrangements in April. While we have received no formal consultation on draft legislation for Wales, the Assistant Chief Officer (Corporate Services) received an informal request for comments on certain matters by e-mail on 14 March;
- 3.4 an ODPM circular in the week of 20 February advised English authorities to **put new staff from 6 April temporarily into the current scheme** prior to subsequent transfer to the new pension scheme (in England the legislation for the new scheme is not expected to be made until June). There are also significant issues for people on career breaks and those opted out of the current pension scheme. This issue was raised with a senior WAG official and I was told that we could expect something to be issued. We have yet to receive any communication on this subject from WAG;
- 3.5 on 7 March a note was distributed by ODPM for all firefighters in the United Kingdom about the new pension scheme. The note gives detailed information on a range of issues but does not state explicitly that it gives WAG's intentions, although we understand that it accurately reflects them.

- 4 In summary, therefore, we still have no formal documentation from WAG stating categorically:
- (1) the shape of the new pension scheme which they intend to implement with effect from April 2006 although it will be legislated for retrospectively;
  - (2) that the fire and rescue authority is to put new recruits from April 2006 temporarily into the current scheme for subsequent transfer into the new scheme;
  - (3) that they are going to put the compensation scheme on a proper statutory footing with effect from 1 April 2006 so that firefighters are not disadvantaged when the new tax rules bite on 6 April.

### **Recommendation**

- 5 That the Authority considers the information in this report and what steps (if any) it wishes to take.