

NORTH WALES FIRE & RESCUE SERVICE

REPORT TO:	NORTH WALES FIRE & RESCUE AUTHORITY
DATE:	19 SEPTEMBER 2005
REPORT OF:	TREASURER
SUBJECT:	PENSIONS REVIEW

1. INTRODUCTION

- 1.1 A Pensions Provision was established in 1997-98 after an analysis had been undertaken to project future commutation payments. The analysis found that due to fluctuation in retirements the commutation payments could have a pronounced effect on the budget requirement. To avoid unacceptable increases on the contribution provided by the Constituent Authorities a Pensions Provision was established. Each year since the establishment of the Provision a review of the pensions situation is undertaken and the findings reported to the Fire Authority.
- 1.2 The Government is currently consulting on proposals for a new Firefighters' Pension Scheme that is expected to come into operation in England from 1 April 2006. It is expected that devolved administrations such as the Welsh Assembly Government will mirror the proposals. However, to date, no definite proposal or commencement date has been confirmed.

2. CURRENT SCHEME

- 2.1 A review has been undertaken in respect of the current position of the Pensions Provision and the estimated future impact of retirements. The attached Appendix sets out the outcome of the review and provides an analysis of the estimated number of personnel retiring.
- 2.2 The figures in the Appendix contain the following details and assumptions. As part of the budget setting process for 2005-2006 the decision was taken to forego the contribution to the Pension Provision in order to reduce the budget requirement. Given the uncertainty over changes to the scheme, no contribution to the Provision has been shown for 2006-2007. An estimate has been made of the necessary contributions from the revenue budget to the Pensions Provision to cover estimated future liabilities given no contribution in 2006-2007: a contribution of £160,000 for 10 years commencing in 2007-2008.

3. NEW SCHEME – CURRENT POSITION

- 3.1 Under the Fire and Rescue Services Act 2004, pensions became the responsibility of the Welsh Assembly Government. Statutory Instrument No. 2004-2918 came into force on 11 November 2004, which provided for the Firemen's Pension Scheme, established under Section 26 of the Fire Services Act 1947, to continue in force in Wales. The Order also provided for the name of the Scheme to be changed to the "Firefighters' Pension (Wales) Scheme".

- 3.2 On 13 October 2004, the Office of the Deputy Prime Minister (ODPM) issued Fire Service Circular 44-2004 – Review of Pension Arrangements for Firefighters. This Circular covered the Government’s proposals for a new firefighters’ pension scheme and proposals for amendments to the current pension scheme. The consultation document indicated a start date for the new scheme of 1 April 2006. The main impact for the Fire and Rescue Service would be that membership would be available to retained duty firefighters.
- 3.3 On 8 February 2005, the ODPM issued a further consultation paper on the “Proposals for New Financial Arrangements for Firefighters’ Pensions”, this consultation was for England only with an indication that the scheme would commence on 1 April 2006.
- 3.4 In Wales it is uncertain whether the new scheme and funding arrangements will be in place in April 2006. To date, there has been no consultation between the Assembly and the Welsh Fire and Rescue Authorities. When further information becomes available a report will be submitted on the impact on the Authority and the effect on the Pensions Provision.

4. RECOMMENDATIONS

- (i) No contribution to the Pensions Provision be made in 2006-2007.
- (ii) Payments to the Pension Provision re-commence in 2007-2008 if the Pension Scheme funding remains in the current format.