

LGA Fire Pensions Annual Conference

Tuesday the 18th September 2018

The **Annual Allowance tax charges** were causing problems for both FRAs (impact on recruitment, promotion and retention) and individuals (impact is not just being felt by most senior officers). This is having unintended consequences across the public sector and all are now working together to lobby the Government for change. The Board will be contacting all FRAs to ask for evidence. More flexibility is needed in the Firefighters pension schemes. The Board are also going to issue some tax guidance in the form of a bulletin and arrange training for employees to help them to understand the tax implications of the new rules.

The **Scheme valuation** (for the 2015 FPS) is now complete and a draft report would be going to the Scheme Advisory Board. All the public sector schemes have breached the costs cap. The Treasury will fund any increased employer contributions now required to make up the deficit. Scheme members could however see an improvement in benefits.

Leicester, Derbyshire and Nottinghamshire FRAs are proposing a **Joint Pension Board**. This collaboration will enable them to share expertise and reduce administrative costs. All FRAs have the same pension issues and this initiative is supported by the Home Office. The terms of reference and governance arrangements need to be agreed and if successful this may be adopted in other areas.

Due to the complexity of having four different firefighter pension schemes, all with different retirement options, accurate **retirement forecasting** is difficult for FRAs and the decision on when to retire is confusing for individuals. There are no plans to reform the schemes, although from 2022 all members will have transitioned into the 2015 scheme and only one scheme will apply. The Home Office gathers retirement forecasting from each FRA and then shares this with the Office for Budget Responsibility who then analyse the information and this is included in their forecasts for the Treasury. A working group is being set up to issue guidance for FRAs on retirement forecasting, to ensure consistency.

The next stage of the national **pension discrimination claim** has been listed for a five-day hearing in the Court of Appeal starting on the 5th November. If there is a finding that the transitional protection for older members cannot be justified and is therefore discriminatory, the impact on the scheme, and other public sector pension schemes, will be far reaching. Whatever the outcome it is likely that the decision will be appealed to the Supreme Court, which could take another 12 months.

There was a review of recent decisions of the **Pension Ombudsman**, whose annual report has confirmed that the most common complaints relate to transfers in/out, incorrect calculation of benefits and failure to act on instructions.

Pensionable pay continues to create problems for FRAs. Each pension scheme has a different definition, shift systems and allowances are being agreed locally and so far it has been up to FRAs to interpret the scheme rules. Some central guidance would be helpful and the Pension Team are going to issue a Pensionable Pay bulletin to assist FRAs.

The Scheme Advisory Board has commissioned AON to conduct a **benchmarking exercise** of the Firefighters Pension Scheme to determine the effectiveness of the scheme administration and how much it costs to run the scheme, do members receive a good service? Are the right benefits paid at the right time? The Board must produce a report for the Home Office next April. Each FRA will receive an online survey to complete and there will be feedback meetings. All the responses will be anonymised.