



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Meeting: **HFRA Firefighters' Pension Board**

Date **9 JULY 2019**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance Officer

SUMMARY

1. This report provides an update on the development of key items.
2. This report, together with attachments, provides the framework for this meeting agenda.

STATUTORY REPORTING

3. The Accounting for Tax (AFT) for quarter 4 2018/19 was submitted to HMRC on 9 May 2019 and paid on 13 May 2019. The table below shows the breakdown of the payments made.

Type of payment	Number of members	Tax year relates to	Amount paid
AFT - Annual Allowance	1	2017/18	£25,873
Total paid to HMRC			£25,873

COMMUNICATION

4. The Employer Pension Manager delivered a presentation to new recruits at SHQ on 26 June 2019.
5. The Employer Pension Manager attended the Police & Fire Governance seminar which was put on by the LGA on 15 May 2019. This included presentations from
 - (a) Eversheds with a case law update
 - (b) TPR with details of the Governance and admin survey
 - (c) A discussion about assisting the Scheme Manager

- (d) A presentation from the Chair of the Clwyd Pension Fund Board explaining their journey with Governance
 - (e) A presentation from Clair Alcock on the behaviours of high performing boards
6. The Employer Pension Manager also attended the Ill Health and Injury Pension Workshop for Police & Fire on 19 June. This included presentations from
- (a) Jane Marshall, the legal adviser to the Fire Scheme Advisory Board, covering the legislation and legal background position
 - (b) West Yorkshire FRA on the role of the scheme manager during the ill health process
 - (c) A Consultant Occupational Physician on the role and decision making of the Independent Qualified Medical Practitioner (IQMP)
 - (d) A senior employment lawyer on the impact of mental health on workforce issues
 - (e) The day was completed with a workshop / discussion one for Fire and one for Police. The Fire workshop covered things such as what guidance is available, the medical appeals process and the revision of forms for ill health retirements.
7. The day touched on the issues surrounding reviews of ill health retirement pensions and injury pensions. Nationally there is clearly an issue with conducting these reviews as there are not many FRAs that are carrying them out.
8. Member Portal for Fire Pension Schemes went live on 1 April 2019. This was publicised at the beginning of May 2019. Numbers of those registered are shown below:

Pension online registration numbers as at 04/06/2019							
Number of actives per age range							
HCC	under 30	30-40	40-50	50-55	55-65	65+	Total
Registered	2	12	31	17	9	0	71
Not registered	150	312	408	151	73	2	1,096
Total	152	324	439	168	82	2	1,167
Percentage of actives per age range							
HC	under 30	30-40	40-50	50-55	55-65	65+	Total
Registered	1%	4%	7%	10%	11%	0%	6%
Not registered	99%	96%	93%	90%	89%	100%	94%
Total	100%	100%	100%	100%	100%	100%	100%
Percentage of all actives per age range							
HC	under 30	30-40	40-50	50-55	55-65	65+	Total
Registered	0%	1%	3%	1%	1%	0%	6%
Not registered	13%	27%	35%	13%	6%	0%	94%
Total	13%	28%	38%	14%	7%	0%	100%

9. The sign up for the first month shows that registration numbers are quite low. This is concerning as this will be the only way that members will be able to view their Annual Benefit Statements. We will publicise this several times in Routine Notice over the coming months and report figures to the Board at the next meeting.
10. The Board are asked for their thoughts on how this can be improved.

PENSION BOARD MEMBERSHIP

11. The interviews for the employee board member took place on 11 June. Two candidates were interviewed, but the panel deemed that neither candidate was suitable, and the role was re-advertised with a closing date of 5 July 2019.
12. It is anticipated that the post holder could be ratified by the full Fire Authority on 17 July 2019.

INJURY PENSION AWARD REVIEWS

13. The Board will recall that the HR department were putting in place a process to review the award of the degree of disablement in respect of injury pensions.
14. HFRA agreed that the award of an injury pension should be reviewed between three and five years after retirement to assess if there had been any substantial change.
15. It had been hoped that this process would have already been in place, but unfortunately there have been issues with securing HR resource to implement this project. It has recently been reported that now there are also issues with securing the resource of the Independent Qualified Medical Practitioner (IQMP) required to conduct the reviews.

COMBINED FIRE AUTHORITY

16. Work is underway looking at the gap analysis between Isle of Wight and Hampshire in respect of term & conditions, pay, allowances and pensions. The purpose of the gap analysis is to identify where there are differences
17. As far as Fire Pensions is concerned, there is one difference, which is regarding temporary promotions. HFRA made these pensionable for members of the 1992 and 2006 schemes, but IOWFRA have made them non pensionable.
18. A new decision will need to be made for the CFA from 1 April 2020 as to whether to treat temporary promotions as pensionable or not, and work will need to be done to understand the impact of the decision for both Hampshire and Isle of Wight fire-fighters.

TEMPORARY PROMOTIONS

19. The Board will recall how HFRA made a local decision with regard to temporary promotions and their treatment for different cohorts of employees when we initially wrote to all affected members in August 2016.
20. Cohort 1 was made up of members that had already retired. There were five members that were affected by the legislative changes.
21. Cohort 2 was made up of members who had the potential of an earliest retirement date within three years of August 2016. There were 33 affected members that fell into this category. Up to 2018/19 nine of these members had retired.

22. The maximum cost envelope as agreed by HFRA of the estimated costs for those in cohorts 1 and 2 were £256,000 for lump sums and £35,700 a year for annual pensions.

Tax year	Lump sums paid	Annual pension paid
2015/16	£22,491.88	£562.30
2016/17	£45,417.12	£7,406.19
2017/18	£22,788.87	£12,810.35
2018/19	£85,018.89	£18,019.76

23. The differences that have been paid out so far for the 14 members across both cohorts are broadly in line with the estimated figures prepared in 2016 and are all still within the maximum cost envelope.

- (a) Total of all lump sum differences paid are £175,716.76
- (b) Annual pensions differences paid for 2018/19 are £18,019.76

24. Four members have retired so far in 2019/20; the remaining 20 members are still in employment and could retire at any point. There are a number of factors which could mean that the estimated figures might be exceeded

- (a) A different retirement date to the one used in the estimate
- (b) Pay increases since 2016 to date of retirement
- (c) A protected and unbroken period of temporary promotion which continues until date of retirement
- (d) The increase in the commutation factors for the 1992 scheme that came into effect in October 2018.

25. Should we get close to exceeding the maximum cost envelope then further approval will need to be sought for additional funding.

RECOMMENDATION

26. The Board are asked to note the content of this report

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