

## **7. Retaining Staff with Specialist Skills**

### **Purpose of report**

1. To bring to the attention of the Policy and Resources Committee issues relating to potential skills gaps in the Service as a result of the potential changes to pension provisions and to seek agreement to a policy that mitigates the potential for this to happen.
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### **Recommendation**

***The Chief Fire Officer recommends that the contents of this report are noted and the Policy and Resources Committee agree to the Service adopting the attached policy (Appendix 1) relating to the retirement and re-employment of personnel.***

### **Introduction and Background**

2. The Service is currently in the position whereby 15 members of uniformed staff are eligible to retire from the Service and receive their full pension entitlement. These include staff who have acquired specialist skills which have taken a number of years to develop.
3. Whilst the Service is continuing to train and develop employees to mitigate against the loss of key skills due to retirement, it has proved difficult to recruit to some specialist uniformed posts and there is inevitably a skills gap that is not sustainable for effective service delivery. These specialist posts are key to the success of the Service in delivering its statutory Fire and Rescue obligations. A prime example is within the Technical Fire Safety Department where it takes a minimum of two years to become a qualified Fire safety Officer and perhaps five years to be considered experienced.
4. The Service anticipates a real risk of losing staff with specialist skills, knowledge and experience, due to members of the Firefighters' Pension Scheme exercising their right to take retirement at the earliest opportunity, ahead of any potential changes to the pension scheme that may impact on benefits. The Service has already seen a number of staff retire before their otherwise intended retirement date citing the potential pension changes and fear of unknown changes to come as the reason.
5. Hereford & Worcester Fire and Rescue Service (H&WFRS) has discretionary powers to allow those employees in the Firefighters' Pension Scheme (FPS), the New Firefighters' Pension Scheme (NFPS) and the Local Government Pension Scheme (LGPS) who wish to retire, commute their lump sum and be re-employed, to do so. Personnel must retire in order to access pension benefits.

## **Potential Impact of Pension Changes**

6. There is currently a degree of uncertainty for members of the FPS, contributions are due to rise in April 2012 and over the subsequent two years, and the Government has recently consulted (April 2011) on a number of changes to the Firefighters' Pension Schemes for England.
7. This consultation sought views on the key proposed changes to the Firefighters' Pension Schemes that could impact on available benefits, including:
  - Changes to the indexation of additional pension benefits (to the Consumer Prices Index).
  - Changes to the definition of pensionable pay (may exclude inclusion of Flexible Duty Allowances which is paid to all Station, Group and Area Commanders).
  - Commutation – discretion to permit the maximum payment (may be additional tax implication for some members).
  - Withdrawal of pension whilst employed by a Fire and Rescue Authority (abatement to be applied to a member re-employed in any role by any authority).
8. The above consultation did not deal with the recommendations of the Independent Public Service Pensions Commission (Lord Hutton's report). This will be the subject of a separate, further consultation.

## **Abatement**

9. Where a retired firefighter is subsequently re-employed, if the Authority responsible for paying the member's pension does not abate the pension, the costs of the pension fall on the Authority. The Authority may therefore choose to abate the pension to the point where the aggregate of the pension in payment and the salary received on re-employment does not exceed the level of earnings directly prior to retirement. This means that the individual may not receive a pension payment for the duration of their re-employment.

## **Cost Implications**

10. Adopting an abatement policy would potentially save and/or reduce the potential for the Authority to pay £19 – 20k per employee, per annum, were a Station/Group Commander to be re-employed and therefore it can be seen that the adoption of this policy has the potential to assist in retaining specialist staff whilst making savings.

## **Conclusion/Summary**

11. It is proposed that in order to retain key skills, the Service adopts a policy whereby staff are able to retire, in order to access pension benefits including a lump sum, and subsequently be re-employed, with the pension being subject to abatement.

## Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	No	

## Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

## Additional Considerations

12. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
<b>Resources</b> (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
<b>Strategic Policy Links</b> (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
<b>Risk Management / Health &amp; Safety</b> (e.g. risk management and control measures, risk register score).	No	
<b>Consultation with Representative Bodies</b>	No	Once approved will commence consultation.

## Supporting Information

### Appendix 1 – Proposed Policy

Background papers – FPSC 10/2009 – Firefighters’ Pension Scheme 1992 – Abatement of Pension on the Re-employment of a Firefighter

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