

**Hereford & Worcester Fire Authority
Policy and Resources Committee
2 June 2014**



Minutes

Members Present:

Mr K Taylor (Chairman),

Mr A Amos, Brigadier P Jones CBE, Ms R Jenkins, Mrs F Oborski, Mr S Peters, Mr D Prodger MBE, Mr D Taylor, Mr P Tuthill and Mr R Udall.

No. Item

1. Apologies for Absence

Apologies for absence were received from Mr A Hardman, Mr R Adams (Vice-Chairman) and Mr P Gretton.

2. Named Substitutes

Mrs L Duffy substituted for Mr R Adams and Mr T Miller substituted for Mr P Gretton.

3. Declaration of Interests

None.

4. Confirmation of Minutes

RESOLVED that the Minutes of the meeting of the Policy and Resources Committee held on 26 March 2014 be confirmed as a correct record and signed by the Chairman.

5. Provisional Financial Results 2013/14

The Head of Finance presented a report informing Members of the financial results for 2013/14. Members' attention was drawn to the revenue budget savings which included a one off sum of £0.135m. This was due to the mobilising system not being 100% complete and therefore the maintenance fee had not yet been paid. Pressure was also being put on all spending departments. With regards to the capital budget Members' attention was drawn to the underspend of £8.125m which will be rolled forward to 2014/15.

RESOLVED that:

- i) the provisional financial results for 2013/14 be noted; and**

ii) the following items be approved:

- (a) the transfer of £0.130m to a Business Rates Reserve;**
- (b) the transfer of a further £0.211m to the Budget Reduction Reserve;**
- (c) the transfer of the balance of £0.353m to General Balances; and**
- (d) the re-phasing of capital budgets to 2014/15 as detailed in appendix 1 to these minutes.**

6. Joint Property Vehicle (JPV) Project

The Chief Fire Officer presented a report updating Members with progress towards supporting the Worcestershire Joint Property Vehicle (JPV) project and sought agreement to make available a small amount of an earmarked reserve to support the work should it be needed. The Chief Fire Officer detailed that the next stage would be to provide Members with a full business case before the end of the year. Members were advised that Herefordshire Council were also now an addition to the list of core partners.

The Chief Fire Officer explained that although the Head of Asset Management had been seconded to the project, his post would be backfilled from external funds provided from the project. However other Service staff will be committing time to progress the project to the Full Business Case stage as they play a full part in the various working groups being formed to deliver the Full Business Case. The Chief Fire Officer, therefore, requested approval for £30,000 of reserves to be available to occasionally outsource tasks if required.

RESOLVED that:

- i) progress towards the Full Business Case for the Worcestershire Joint Property Vehicle (JPV), including the fully funded secondment of a member of the Service's staff to the project, be noted;***
- ii) consultation with staff and representative bodies be undertaken as necessary as part of the development of the Full Business Case; and***
- iii) the Chief Fire Officer be authorised to use up to £30,000 from the Development Reserve as and if necessary to support the work towards the Full Business Case.***

Mr R Udall abstained from the vote.

7. Closer Working with Warwickshire Fire and Rescue Service

The Chief Fire Officer introduced the report and Area Commander Preece, a member of the project team, then updated Members in detail on the project approach and progress made to date in assessing the benefits and options for

closer working with Warwickshire Fire and Rescue Service.

RESOLVED that the project approach and progress made in assessing the benefits and options for closer working be noted.

8. Provision of Payroll Services

The Assistant Chief Fire Officer presented a report informing Members of a potential collaborative partnership arrangement to provide payroll services with Shropshire Fire and Rescue Service and to seek authority for the creation of a shared service if this is shown to be beneficial.

Under the terms of the Authority's constitution, any such 'joint arrangement' would require the approval of the full Authority

RESOLVED that the Fire Authority be recommended to give delegated authority to the Chief Fire Officer, in consultation with the Chairman of the Authority and the Treasurer, to enter into an in-house shared service with Shropshire Fire and Rescue Service and/or others for the provision of payroll services, if this is considered to be the most cost-effective approach following a detailed business case and/or competitive tender process.

9. West Midlands Regional Collaborative Statement

The Chief Fire Officer presented a report informing Members about a proposal by the West Midlands region's Fire Services to enter into a Regional Collaborative Statement to provide clear operational and organisational benefits through collaboration across the five Fire and Rescue Services in the West Midlands region.

RESOLVED that the Authority agree to the principles of the Regional Collaborative Statement and that agreement of this Statement is finalised by the Chief Fire Officer in consultation with the Chair of the Authority.

10. Annual Performance 2013-14

The Assistant Chief Fire Officer presented a report providing Members with a summary of annual performance against the Fire and Rescue Authority Plan 2013-14 using the set of Key Performance Indicators (KPIs) agreed by the Senior Management Board.

RESOLVED that Members note the following headlines relating to performance in 2013-14:

- i) The total number of incidents attended in 2013-14 is the second lowest total in the eight years that the current data set has been collected.***

- ii) Although the number of Fires attended in 2013-14 have increased when compared to the previous year, the Service attended the lowest annual totals of Special Service (non-fire emergencies) and the second lowest number of false alarms in the last eight years.*
- iii) Sickness levels for all staff continue to remain within tolerance levels and the amount of long term sickness has reduced as a proportion of all sickness at the end of the 2013-14 financial year.*
- iv) Retained appliances were available for operational duty 91% of the time.*

11. Pension Scheme Discretions

The Head of Human Resources presented a report explaining the changes to the Firefighters' Pensions Scheme 1992 (FPS), the New Firefighters' Pension Scheme 2006 (NFPS) and the Local Government Pension Scheme 2014 (LGPS) and consider the Authority's policy in relation to various discretions exercisable under those schemes.

RESOLVED that the Statements of Policy for the Firefighters' Pension Scheme 1992, New Firefighters' Pension Scheme 2006 and Local Government Pension Scheme 2014 set out in appendix 2 to these minutes be approved

12. Assurance Against Equality Objectives

The Assistant Chief Fire Officer presented a report updating Members on the progress made against the Equality and Diversity objectives.

RESOLVED that the following be noted:

- i) that the Service has achieved six of the seven actions in relation to the Equality and Diversity objectives; and*
- ii) the assurance provided against the Service's Equality Objectives will be published on the Service's website.*

The meeting concluded at 11.40am.

Signed: _____
Chairman

Date: _____

Hereford & Worcester Fire Authority :
Policy & Resources Committee
Capital Budget 2013-14 : Provisional Out-turn

Scheme	Budget	Actual	Remainder
Vehicles			
086 - Ex Leased Appliances	0	147,949	147,949
129 - Pinzgauer Routine Replacement 4WD 2012/13	48,499	48,163	(336)
147 - Pump Replacement 13/14	1,010,000	0	(1,010,000)
148 - Off Road Vehicle Replacement 13/14	26,000	0	(26,000)
149 - Command Vehicle Replacement 13/14	350,000	0	(350,000)
All - remaining small budgets	9,580	185	(9,395)
Total	1,444,079	196,297	(1,247,782)
Major Building			
012 - Pebworth	37,063	14,608	(22,455)
049 - Malvern Refurb	2,364,496	1,086,740	(1,277,756)
156 - Redditch	247,369	0	(247,369)
157 - Hereford	247,597	38,694	(208,903)
175 - Bromsgrove Day Crew Plus Welfare Equipment	33,000	11,923	(21,077)
All - Strategic Training Facilities	1,222,912	603,459	(619,453)
All - Other Schemes	3,183,075	374,279	(2,808,796)
Total	7,335,512	2,129,702	(5,205,810)
Minor Schemes			
083 - SRT Storage	7,441	7,410	(31)
084 - RPE Cylinder Strategy	41,733	41,737	4
110 - Up Grade to Lifts to Comply with Legislation	1,996	756	(1,240)
119 - Evesham House Refurbishment	601	601	0
131 - Hereford Safety Refurbishment	1,337	668	(669)
132 - Revised HQ Server Room Fire Suppression	50,000	0	(50,000)
134 - Stourport BA Wash	20,000	14,060	(5,940)
135 - Asbestos Removal	110,000	14,765	(95,235)
136 - Amphlett Court Roof Replacement	15,000	0	(15,000)
137 - Bromsgrove IT Fit Out	60,000	27,483	(32,517)
138 - Automatic Meter Reading	5,000	0	(5,000)
139 - Broadway Female Facilities 13 - 14 Scheme	35,000	0	(35,000)
140 - Upgrade Droitwich Generator 13 - 14 Scheme	50,000	0	(50,000)
141 - Droitwich Welfare Facilities 13 - 14 Scheme	40,000	0	(40,000)
142 - Droitwich Boiler Room Refurb 13 - 14 Scheme	18,000	17,346	(655)
143 - Droitwich Forecourt Refurb 13 - 14 scheme	15,000	0	(15,000)
144 - Electrical Distribution Boards Replacement	70,000	42,213	(27,787)
145 - Air Conditioning Gas Replacement 13 - 14 Scheme	70,000	35,230	(34,770)
178 - UPS Enhancement	142,000	0	(142,000)
182 - USAR Integration	71,600	44,768	(26,832)
107 - Citrix Farm Updates	2,072	0	(2,072)
127 - Wide Area Network / Internet Improvement	25,000	17,902	(7,098)
158 - Hardware/Computer Purchase 12-13	980	635	(345)
159 - Computer Software 12-13	11,793	3,715	(8,079)
161 - Network Upgrades LAN/ WAN	4,000	0	(4,000)
162 - Core Switch Hardware Replacement 12-13	15,000	0	(15,000)
163 - Lan Switch Router IOS updates	7,000	0	(7,000)
164 - Droitwich Wan upgrade	9,000	0	(9,000)
165 - Retained Station WAN upgrades	5,000	0	(5,000)
166 - Swipe Card Upgrade to ISO 14443A-4	50,000	0	(50,000)
167 - Retained Station Swipe Card Roll Out	80,000	0	(80,000)
168 - Command & Control replacement	7,000	0	(7,000)
169 - Hardware/Computer Purchase 13-14	40,000	14,567	(25,433)
170 - Computer Software 13-14	15,000	0	(15,000)
171 - Developments 13-14	10,000	2,146	(7,854)
172 - Server Hardware Upgrades 13/14	12,000	0	(12,000)
173 - Core Switch Hardware Replacement 13-14	15,000	0	(15,000)
180 - Finance System Workflow	54,500	11,661	(42,839)
130 - E-Hydraulic Equip	292	0	(292)
174 - Large Animal Rescue Equipment	12,100	10,960	(1,140)
176 - UHRP / ISV Additional Equipment	25,000	19,462	(5,538)
181 - Bromsgrove BA Compressor	45,000	0	(45,000)
101 - Intel Application	13,700	0	(13,700)
999 - Unallocated	208,717	0	(208,717)
Total	1,492,862	328,081	(1,164,781)
Fire Control			
103 - Fire Control Replacement	624,465	117,848	(506,617)
Total	624,465	117,848	(506,617)
Capital Budget	10,896,918	2,771,928	(8,124,990)

Background information regarding the FPS 1992 discretions

Rule B7 - Discretion to increase the Lump Sum payment to Firefighters who retire prior to age 55 with less than 30 years service

1. Under existing scheme rules a member of the FPS 1992 can retire from age 50 if they have a minimum of 25 years pensionable service. If they have not reached age 55 or 30 years service the Lump Sum receivable is restricted to a maximum of 2.25 times the gross pension. This discourages employees from retiring at the earliest opportunity and may result in the Authority being unable to reduce its wholtime workforce resulting in other less favourable measures being taken.
2. From 1st July 2013 Fire Authorities have the discretion to increase the lump sum to employees who would be subject to the 2.25 limit up to the maximum level of 25%. When exercising this discretion, the Authority must have regard to *“the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case”*. Officers are also advised that in making any policy in respect of this discretion, the Authority may also wish to have regard to the fact that allowing full commutation may cause tax limits to be exceeded, thereby requiring the firefighter and authority to pay tax charges.
3. If the Authority **does** allow the firefighter to commute a greater sum, an amendment to Rule LA2 “Special payments and transfers into Firefighters’ Pension Fund” requires the Authority to transfer into that Fund an amount equal to the difference between the lump sum paid and what it would have been, if restricted to two and a quarter times the full amount of pension. The transfer must take place in the financial year in which the increased lump sum is paid.
4. The example below demonstrates the principle for a firefighter aged 50 with 25 years service based on an indicative annual salary of £28,199:

Under the FPS rules the member would receive the following annual pension and lump sum using the previously restricted pension factors:-

Pension: £12,429.82 per annum. Lump sum: £31,723.88

Under the new discretionary arrangements, if Fire Authority chose to lift the restriction on the lump sum the figures would be:-

Pension: £10,574.63 per annum. Lump sum: £66,972.63

The resulting outcome would be the firefighter leaves with a reduction in their annual pension of £1,855.19 per annum. However, their lump sum would be uplifted by the Fire Authority by £35,248.75. By not back filling the post the cost savings based on salary and on-costs including pension contributions would be recovered by the Fire Authority in the first year. This scheme does not put any further burden on the Pension Scheme. The member, although taking a reduced annual pension and smaller lump sum, in effect retires potentially five years early.

The above pension benefits compares to a firefighter with almost the full 30 years:

Pension: £14,099.50 per annum. Lump Sum: £89,301.30

Rule K4 - Withdrawal of a pension whilst re-employed in any capacity in any Fire and Rescue Authority (abatement)

5. The 1992 Scheme has been amended to increase the scope of the employer's discretion to abate a member's pension, where they are re-employed after retirement. This provision now applies to any scheme member re-employed in any role in any fire and rescue authority and supports Government policy that pension payments should be abated, where a member is re-employed in the public sector and receives a pension and salary exceeding earnings before retirement.
6. Rule K4 now requires an authority that elects not to exercise the discretion to abate, to pay into the pension fund the same amount as the pension paid to the member within the financial year. This amendment will apply retrospectively to cases where a retired member is re-employed on or after 25 September 2009. The Authority has a Flexible Retirement Policy which exercises the discretion to abate pensions of those employees who retire and are re-employed, this policy was implemented in January 2012. The Authority has 12 employees who were re-employed between 25 September 2009 and January 2012. The change in abatement rules will impact on one employee and this will incur a cost to the Authority of a one off payment of around £14,000 plus a future annual cost of around £4,000.

Rule B5C - Extension of Additional Pension Benefit (APB) arrangements to allowances

7. The definition of pensionable pay is amended so that only permanent elements of pay are treated as pensionable under final salary arrangements. The Authority is able to adopt Additional Pension Benefit arrangements for the treatment of other temporary allowances/emoluments. The policy intention is to reduce the financial risks associated with unfunded past service costs being generated in cases where a member receives a temporary allowance close to retirement.
8. Under existing scheme rules where a member of either Firefighters Pension Scheme is in receipt of Continuing Professional Development (CPD) payments they earn pension benefits based on the contributions paid on those payments and not on a Final Salary basis. The Fire Authority now has discretion to extend this arrangement to any of the following payments which it agrees should be pensionable:
 - a. Payments to reward additional skills and responsibilities outside the requirements of the firefighter member's duties under the contract of employment but which are within the wider functions of the job.
 - b. Any additional pay received whilst on temporary promotion or whilst temporarily carrying out the duties of a higher role.
 - c. Any non-consolidated performance related payment.

9. When exercising discretions –
 - a. these powers must be exercised reasonably having regard to the fiduciary duty owed to tax payers of the borough/district/county;
 - b. these powers may not be used for an ulterior motive, for instance to use them for a purpose for which they were not intended; and
 - c. regard must be given to all the relevant factors, disregarding irrelevant factors, and the cost to tax payers must be balanced against the benefits to the employer in deciding whether to adopt these powers.
10. Protection is provided for those members of the FPS in receipt of temporary allowances and emoluments which were treated as pensionable pay in the FPS 1992 prior to 1 July 2013.
11. The Authority currently have four allowances which have previously been paid as pensionable on a final salary basis:
 - a. USAR staff who were appointed prior to 1 July 2013, are paid a pensionable allowance for the provision of a higher level of specialist skills. The change will have no impact on this staff group as they were in receipt of the allowance prior to 1st July 2013 and the allowance will continue to be treated as pensionable pay. Anyone who receives this allowance for the first time since that date will be subject to the new arrangements.
 - b. For those staff temporarily promoted prior to 1 July 2013 who have continued to be paid the pensionable allowance will be protected and will continue to be treated as pensionable pay. Anyone who is temporarily promoted from 1 July 2013 will be subject to the new arrangements.
 - c. Day Crewing Plus staff are paid a pensionable allowance from the introduction of the new duty system in April 2014. This allowance will continue to be treated as pensionable as it does not meet the definition of the APB.
 - d. Flexi Duty Allowance has been specifically excluded from these discretions as it has been determined to be pensionable in accordance with the pension scheme regulations and therefore will continue to be treated as pensionable under Final Salary arrangements.
12. Whilst the change has no impact on the Employee contribution it will increase the rate of Employer contributions. This is because the regulations require a higher rate of Employer contribution to ensure that the benefit payment at retirement is fully funded as outlined by the Scheme Actuaries. The effect for Hereford & Worcester Fire Authority will be to increase the Employers Contribution on those payments covered by a further 5.2% for members of the FPS 1992.

STATEMENT OF POLICY

Firefighters Pension Scheme 1992

A Fire Authority is required to make certain decisions in relation to a number of discretionary powers set out in the Firefighters Pension Scheme 1992 (FPS) which the Fire Authority may wish to exercise having regard to the circumstances of any individual case in respect of the pension rights of their firefighters and firefighters' dependants.

This statement of policy details the discretions made by Hereford & Worcester Fire Authority and is applicable to all employees of Hereford & Worcester Fire Authority who are members of the FPS.

Rule B7 Commutation – Discretion to permit the maximum payment

The Fire Authority may apply its discretion to allow a person, whose right to commute is restricted to providing a lump sum of two and one quarter times the amount of the full pension, to commute up to one quarter of pension, i.e. the unrestricted amount allowed to those who retire with an ordinary pension with at least 30 years' service or who have reached normal pension age, or who retire on ill-health grounds.

When exercising this discretion, the Authority must have regard to "the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case". The Authority will be required to transfer into Pension Fund an amount equal to the additional pension benefit that the employee will receive on retirement.

Employer's Policy

Hereford & Worcester Fire Authority will give consent for up to one quarter pension to be commuted and to the extent that this can be demonstrated to be in the best financial interests of the Fire Authority.

In exercising their discretion the Fire Authority must have regard to the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case which are transferrable to the Firefighters Pension Fund.

When the Chief Fire Officer considers that circumstances dictate it to be potentially necessary, expressions of interest will be sought from staff. With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision on a case by case basis.

The decision is delegated to the Chief Fire Officer involving approval of enhanced commutation in the case of employees whose annual salary is less than £45,000 or where the pension costs payable by the Authority do not exceed £45,000.

Rule K4 Withdrawal of a pension whilst re-employed in any capacity in any fire and rescue authority (abatement)

The Fire Authority has discretion to abate a member's pension, where they are re-employed after retirement. This provision applies to any scheme member re-employed in any role in any fire authority and supports Government policy that pension payments should be abated, where a member is re-employed in the public sector and receives a pension and salary exceeding earnings before retirement.

Employer's Policy

Hereford & Worcester Fire Authority will abate a member's pension, in all cases of re-employment of members of the FPS, where they are re-employed after retirement in any role in any fire authority.

Rule B5C - Extension of Additional Pension Benefit (APB) arrangements to allowances

Under existing scheme rules where a member of the FPS is in receipt of Continuing Professional Development (CPD) payments they earn pension benefits based on the contributions paid on those payments and not on a Final Salary basis. The Fire Authority has discretion to extend this arrangement to any of the following payments which it agrees should be pensionable:

- a. Payments to reward additional skills and responsibilities outside the requirements of the firefighter member's duties under the contract of employment but which are within the wider functions of the job.
 - b. Any additional pay received whilst on temporary promotion or whilst temporarily carrying out the duties of a higher role.
 - c. Any non-consolidated performance related payment.
9. When exercising discretions –
- a. these powers must be exercised reasonably having regard to the fiduciary duty owed to tax payers of the borough/district/county;
 - b. these powers may not be used for an ulterior motive, for instance to use them for a purpose for which they were not intended; and
 - c. regard must be given to all the relevant factors, disregarding irrelevant factors, and the cost to tax payers must be balanced against the benefits to the employer in deciding whether to adopt these powers

Employer's Policy

Hereford & Worcester Fire Authority will not grant the benefit contained within this regulation, except when it can be demonstrated that it is in the best needs of the Fire Authority.

With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision. The decision is delegated to the Chief Fire Officer.

Background information regarding the NFPS 2006 discretions

Rule 7B - Extension of Additional Pension Benefit (APB) arrangements to allowances

1. Under existing scheme rules where a member of either Firefighters Pension Scheme is in receipt of Continuing Professional Development (CPD) payments they earn pension benefits based on the contributions paid on those payments and not on a Final Salary basis. The Fire Authority now has discretion to extend this arrangement to any of the following payments which it agrees should be pensionable:
 - a. Payments to reward additional skills and responsibilities outside the requirements of the firefighter member's duties under the contract of employment but which are within the wider functions of the job.
 - b. Any additional pay received whilst on temporary promotion or whilst temporarily carrying out the duties of a higher role.
 - c. Any non-consolidated performance related payment.
2. When exercising discretions –
 - i. these powers must be exercised reasonably having regard to the fiduciary duty owed to tax payers of the borough/district/county;
 - ii. these powers may not be used for an ulterior motive, for instance to use them for a purpose for which they were not intended; and
 - iii. regard must be given to all the relevant factors, disregarding irrelevant factors, and the cost to tax payers must be balanced against the benefits to the employer in deciding whether to adopt these powers.
3. Flexi Duty Allowance has been specifically excluded from these discretions as it has been determined to be pensionable in accordance with the pension scheme regulations and therefore will continue to be treated as pensionable under Final Salary arrangements.
4. Protection is not provided for those members of the NFPS as the definition of pensionable pay excludes emoluments and allowances that are temporary.
5. Whilst the change has no impact on the Employee contribution it will increase the rate of Employer contributions. This is because the regulations require a higher rate of Employer contribution to ensure that the benefit payment at retirement is fully funded as outlined by the Scheme Actuaries. The effect for Hereford & Worcester Fire Authority will be to increase the Employers Contribution on those payments covered by a further 3.2% for members of the NFPS 2006.

STATEMENT OF POLICY

New Firefighters Pension Scheme 2006

A Fire Authority is required to make certain decisions in relation to a number of discretionary powers set out in the New Firefighters Pension Scheme 2006 (NFPS) which the Fire Authority may wish to exercise having regard to the circumstances of any individual case in respect of the pension rights of their firefighters and firefighters' dependants.

This statement of Policy details the discretions made by Hereford and Worcester Fire Authority and is applicable to all employees of Hereford & Worcester Fire Authority who are members of the NFPS.

Rule 7B - Extension of Additional Pension Benefit (APB) arrangements to allowances

Under existing scheme rules where a member of the NFPS is in receipt of Continuing Professional Development (CPD) payments they earn pension benefits based on the contributions paid on those payments and not on a Final Salary basis. The Fire Authority has discretion to extend this arrangement to any of the following payments which it agrees should be pensionable:

- a. Payments to reward additional skills and responsibilities outside the requirements of the firefighter member's duties under the contract of employment but which are within the wider functions of the job.
- b. Any additional pay received whilst on temporary promotion or whilst temporarily carrying out the duties of a higher role.
- c. Any non-consolidated performance related payment.

When exercising discretions:

- i. these powers must be exercised reasonably having regard to the fiduciary duty owed to tax payers of the borough/district/county;
- ii. these powers may not be used for an ulterior motive, for instance to use them for a purpose for which they were not intended; and
- iii. regard must be given to all the relevant factors, disregarding irrelevant factors, and the cost to tax payers must be balanced against the benefits to the employer in deciding whether to adopt these powers.

Employer's Policy

Hereford & Worcester Fire Authority will not grant the benefit contained within this regulation, except when it can be demonstrated that it is in the best needs of the Fire Authority.

With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision. The decision is delegated to the Chief Fire Officer.

Background information regarding the LGPS 2014 discretions

Under Regulation 60 (1) of the Local Government Pensions Scheme (LGPS) 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. The new LGPS 2014 scheme means that some discretion are no longer required or have been removed from the scheme or new policy statements are required. The following table provides a summary of the changes to the discretions:

LGPS Pension Scheme	Regulation	Impact
Pre 2014 scheme	Regulation 12 BReg- Power of the employing authority to increase total membership of active members	This discretion has now been removed.
Pre 2014 schemes	Regulation 30 BReg – Choice of Early Retirement Benefits	This discretion has now been removed. LGPS members no longer need their employers consent to retire at 55 years to receive reduced pension benefits.
2014 Scheme	Reg 16 2(e and Reg 16 4(d)) Funding Additional pension	New discretion. This Regulation has replaced Shared Cost – AVC Reg 67
2014 Scheme	Regulation 30 (6) Flexible Retirement	No change to the discretion.
2014 Scheme	Regulation 30 (8) Waiving of Actuarial Reduction.	Employers can exercise discretion to allow LGPS members to receive unreduced pension benefits subject to the member meeting the '85 year rule'.
2014 Scheme	Regulation 31 Power of the Employing Authority to award additional pension	This discretion has not changed however the amount that can be awarded has increased from £5000 to £6500.
2014 Scheme	Choice of Early Payment of Deferred Pension	A policy statement is required for LGPS members who left between 31 March 2008 and 1 April 2014.

STATEMENT OF POLICY

Local Government Pension Scheme (LGPS)

Under Regulation 60 (1) of the Local Government Pensions Scheme (LGPS) 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. This statement is applicable to all employees of Hereford & Worcester Fire Authority who are eligible to be members of the LGPS.

Regulations 16(2)(e) and 16(4)(d) - Funding of Additional Pension (New)

Where an active member opts to make Additional Pension Contributions (APC) under Rule 16(2)(e) these may be funded in whole or in part by the Employer. Under Rule 16(4)(d) the employee may opt to pay APC as a Lump Sum and this may also be funded in full or part by the employer.

Employer's Policy

Hereford & Worcester Fire Authority will not fund in whole or in part any APC purchased either by periodical payments or Lump Sum.

Regulation 30 (6) - Flexible Retirement (no change)

An employing authority may resolve to give their consent to grant flexible retirement to employees from age 55 who reduce their hours or move to a lower grade and draw all of their pension whilst continuing in employment and building up further benefits in the scheme.

The pension benefits may be reduced in accordance with guidance issued by the Government Actuary, if paid before age 65, and the employer has discretion not to apply all or part of the reduction. Where the discretion is applied the Authority will be required to transfer into Pension Fund an amount equal to the additional pension benefit that the employee will receive on retirement.

Employer's Policy

Hereford & Worcester Fire Authority will grant the benefit contained within this regulation, in accordance with the needs of the Service.

With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision. The decision is delegated to the Chief Fire Officer.

The decision is delegated to the Chief Fire Officer involving approval of enhanced commutation in the case of employees whose annual salary is less than £45,000 or where the pension costs payable by the Authority do not exceed £45,000.

Regulation 30 (8) – Waiving of actuarial reduction (New)

From age 55, members who have left local government employment receive early payment of their retirement benefits and do not need their employer's consent. The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.

For a member who joined the scheme prior to 1 October 2006 where the member's age and membership (in whole years) satisfies the "rule of 85" then the benefits would be reduced, unless the employer chooses to exercise the discretion within the regulations. For a member who joined the Scheme on or after 1 October 2006, then reduced benefits would be payable if taken before age 65.

Employer's Policy

Hereford & Worcester Fire Authority will grant the benefit in this regulation to the extent that it can be demonstrated to be in the best financial interests of the Fire Authority.

In exercising their discretion the Fire Authority must have regard to the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case which are transferrable to the pension fund.

With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision on a case by case basis.

The decision is delegated to the Chief Fire Officer involving approval of enhanced commutation in the case of employees whose annual salary is less than £45,000 or where the pension costs payable by the Authority do not exceed £45,000.

Regulation 31 - Power of the Employing Authority to award Additional Pension (change to the amount of additional pension)

An employer may resolve to award a member additional pension of not more than £6,500 a year, payable from the same date as their pension is payable under any other provision of these regulations. An additional pension may be paid in addition to any increase to total membership resolved under Regulation 16 so long as the overall total does not breach the limits laid down within these regulations.

Employer's Policy

Hereford & Worcester Fire Authority will not normally grant the benefit contained within this regulation, other than in very exceptional circumstances where the financial implications can be justified in the best interests of the Authority.

With advice from the Treasurer and Monitoring Officer, the Assistant Chief Fire Officer (ACFO) will make a recommendation to the Chief Fire Officer for decision on a case by case basis.

Choice of early payment of Deferred Pension (New)

Where a member became a deferred member between 31 March 2008 and 1 April 2014, they can apply for early release of benefits, and the Fire Authority can fund the costs of the release.

Employer's Policy

Hereford & Worcester Fire Authority will not grant the benefit contained within this regulation.