

Local Government Pension Scheme Transfers Policy

Report of the Chief Fire Officer

For further information about this report please contact Louise McKenzie, Assistant Chief Officer, on 01743 260280 or Alan Taylor, Chief Fire Officer, on 01743 260201.

1 Purpose of Report

This report follows the decision of the Fire Authority at its meeting on 25 April 2007 in that one recommendation from the minutes of the Human Resources Committee on 1 March was not agreed. This is, therefore, brought back before the Human Resources Committee for consideration.

2 Recommendations

That the Human Resources Committee reconsider their decision in respect of the transference of benefits and confirm their original initial decision a):

That a transfer is permitted during the first 12 months of membership of the scheme only.

3 Background

At the Human Resources Committee meeting on 1 March 2007 Members considered the matter of the Local Government Pension Scheme (LGPS) transfer and appeal policy. On the issue of the transference of pension rights from a non-local government pension scheme into the LGPS after 12 months of service, recommendation a) of that report was:

'that a transfer is permitted during the first 12 months of membership of the scheme only'.



Whilst this recommendation was agreed, Members then went on to add to the recommendation in the following way:

'That a transfer is permitted during the first twelve months of membership of the scheme only for new employees and, in the case of existing employees, within 12 months from the date of approval by the Fire Authority'.

This addition to the recommendation was not agreed by the Fire Authority as it noted that further information had come to light.

4 Additional Information

The Assistant Chief Officer was not present at the last meeting of the Human Resources Committee and was not, therefore, able to advise Members. In drafting the report she had considered several options and discussed them with the Pensions Department at Shropshire County Council, who provide the specialist advice and administration of the LGPS. During these discussions it became clear that the majority of employers work to the Scheme guidance for the LGPS, which states that new employees are able to transfer previous pension rights into the LGPS within 12 months of entry to the Scheme.

It would not be advisable to implement a rule allowing transfers after 12 months service to existing staff but not to new staff. Not only would any transfer for a longer serving member of staff potentially set precedent but it also increases risk to the authority of additional pension costs by giving all existing staff a second chance to join. Members should be aware that all employees receive information regarding their option to transfer when they join the Scheme and are reminded of that option in writing before the time limit on their 'transfer window' closes. It is not possible, therefore, to justify giving existing staff an extra chance to join the Scheme.

Whilst the Scheme guidance does provide individual employers with discretion to extend this time limit, this is only done by some employers in exceptional circumstances, e.g. where an employee has been employed on a fixed term contract of up to a year, but who subsequently takes up a permanent post. In this instance an employee is unlikely to decide to transfer benefits when their membership of the Scheme would be short, but would wish to reconsider when their employment became permanent.

As Members will recall, transfers are calculated on the assumptions that the employee will retire at normal retirement age and that inflation, salary increases, investment returns etc will be at an average rate. There may, therefore, be some issues, which may impose additional pension costs on Shropshire and Wrekin Fire Authority, if such a transfer were permitted. These could be:

- Risk of redundancy from age 50 but before normal retirement age
- Risk of ill-health retirement
- Higher than average pay increases (there is an allowance in the factors for normal pay increases and promotions)



These risks are, of course, still present, if the transfer takes place within the first year, when there is no option to refuse the transfer.

For information Shropshire County Council operates a policy whereby a transfer is permitted during the first 12 months of membership of the scheme only, unless a request for an extension is submitted within that period.

5 Financial Implications

There could be financial implications of not restricting staff in their transfer benefits into the Local Government Pension Scheme. These would, however, be case specific and, as such, are unknown. Transfers in within 12 months are made on the basis that they are likely to be at nil cost, because it could not reasonably be anticipated that a new member of staff would be made redundant/retire early or retire on ill-health grounds.

6 Legal Comment

Regulation 121 of the Local Government Pension Scheme Regulations 1997 provides that, when a person becomes an active member of the Local Government Pension Scheme, they may make a request to the pension scheme administrator within 12 months of joining to transfer their existing relevant pension rights into the fund. A request from a transferring person must be made by notice in writing.

Where such a request is made, the fund administrator may accept the transfer value and credit it to the existing fund.

Notice must be given before the expiry of the period of 12 months beginning with the date s/he became an active member (or such longer period as the employer may allow). There is no legal requirement to accept transfers outside this 12 month period.

7 Equality Impact Assessment

In accordance with the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) an Equality Impact Assessment has been completed.

8 Appendices

There are no appendices attached to this report.

9 Background Papers

Local Government Pension Scheme Regulations 1997



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	*
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*





Shropshire Fire & Rescue Service EQIA number

Initial Equality Impact Assessment Form

Directorate	Human Resources, Training and Development	Department/Section	Human Resources
Name of officer	Louise McKenzie	Job title	ACO
Name of Policy/Service to be assessed	Pension Scheme – Transfer Of Benefits Policy	Date of assessment	13/7/07
New or existing policy	New		

1. Briefly describe the aims, objectives and purpose of the policy/service	This policy aims to ensure a consistent approach to the question of transfer of pension benefits outside the 12 month transfer window allowed within the scheme.		
2. Are there any associated objectives of the policy/service?	No		
3. Who is intended to benefit from the policy/service and in what way?	Employees, Members and officers through provision of a framework for consistent decision making.		
4. What outcomes are wanted from this policy/service?	A framework for consistent decision making		
5. Who are the main stakeholders in relation to the policy/service?	Employees, Members and officers		
6. Who implements the policy/service and who is responsible for this?	HR Manager		
7. Are there any concerns that this policy/service could have a differential impact on the following groups and what existing evidence do you have for this? Yes or No, please detail in boxes below.			
8. Age		N	
9. Disability		N	
10. Gender		N	



11. Race		N	
12. Religion or belief		N	
13. Sexual orientation		N	
14. Dependant/caring responsibilities		N	
15. Could the differential impact identified in 7-14 amount to there being the potential for adverse impact in this policy/service?		N	
16. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or another reason?	Y	N	Not applicable
17. Have you consulted those who are likely to be affected by the policy/service?	Y	N	Not applicable
18. Should the policy proceed to a full impact assessment?		N	
19. Date by which full impact assessment to be completed			
20. Reason for non completion			

I am satisfied that this policy has been successfully impact assessed.

I understand the Impact Assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Assessing person	Lisa Vickers	Date:	17.5.07
Line Manager	Louise McKenzie	Date:	17.5.07
Please note that this impact assessment will be scrutinised by the E&D Officer			

