

## Local Government Pension Scheme Transfers and Appeals 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 requests a policy decision by the Committee on two issues related to the efficient administration of the Local Government Pension Scheme (LGPS) within Shropshire and Wrekin Fire Authority: firstly, the administration of the transference of pension rights from a non-local government pension scheme into the LGPS after 12 months of service; and secondly, the nomination of a referee to act in first stage appeals against decisions relating to pension benefits made by officers of the Fire Authority.

### 2 Recommendations

That the Human Resources Committee:

- a) **Decides which of the following policy options it wishes to adopt with regard to transference of benefits:**
  - i. That a transfer is permitted during the first 12 months of membership of the scheme only; or
  - ii. That 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; or
  - iii. That a transfer is permitted during a specified time period, e.g. the first X years of membership (to be determined by the Committee); or
  - iv. That each request will be considered by the Human Resources Manager on a case by case basis
- b) Agrees the nomination of the Assistant Chief Officer, as the local referee under the Internal Disputes Resolution Procedure for the Local Government Pension Scheme; and
- c) Makes the appropriate recommendations to the Fire Authority.



### **3 Background**

Scheme guidance for the LGPS states that new employees are able to transfer previous pension rights into the LGPS within 12 months of entry to the Scheme.

The guidance also provides individual employers with discretion to extend this time limit. Whilst a formal policy is not required, the LGPS states that it is desirable to have guidelines on matters of discretion, such as this.

### **4 Policy Considerations**

It has come to officers' attention that the Fire Authority does not have a recorded policy decision on the discretionary matter of the time limit on applications to transfer pension rights. The Committee is, therefore, requested to make a policy decision on this matter.

Members will wish to consider that 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. The Committee may, therefore, also wish to take this into account, when making its decision.

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 Nomination of the Local Referee under the Internal Disputes Resolution Procedures**

Where a member of the pension scheme has a complaint, Pensions Services will attempt to deal with the concerns as efficiently as possible. However, should the individual remain dissatisfied, there is a two-stage complaints procedure, firstly to a referee appointed by the employer. Thereafter, the individual can apply to the second stage, which is the administering authority, Shropshire County Council, for reconsideration of the decision.



Since the re-structure of the management team the matter of a nominated referee has not be revisited. It is, therefore, recommended that the Committee formally nominates a referee and that this be the Assistant Chief Officer.

## **6 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.

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

There is no legal requirement to accept transfers outside this 12 month period.

## **8 Equality Impact Assessment**

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

## **9 Appendices**

There are no appendices attached to this report.

## **10 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 Attached	*





**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	Y	N	
9. Disability	Y	N	
10. Gender	Y	N	



11. Race	Y	<b>N</b>	
12. Religion or belief	Y	<b>N</b>	
13. Sexual orientation	Y	<b>N</b>	
14. Dependant/caring responsibilities	Y	<b>N</b>	
15. Could the differential impact identified in 7-14 amount to there being the potential for adverse impact in this policy/service?	Y	<b>N</b>	
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?	Y	<b>N</b>	
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.

Signed: (Assessing person)		Date:	
Signed: (Line Manager)		Date:	
Please note that this impact assessment will be scrutinised by the E&D Officer			

