



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Policy and Strategy Committee

FRAMEWORK FOR APPLICATION OF FIREFIGHTER PENSION SCHEME ABATEMENT POLICY

Report of the Chief Fire Officer

Date: 27 January 2023

Purpose of Report:

To provide a framework for the application of the Abatement Policy for the Firefighters' Pension Scheme by which discretionary abatements will be guided.

Recommendations:

It is recommended that Members approve:

- The following rationale for making the abatement decisions relating to the firefighters' pension scheme:
 - There is an overall financial benefit in doing so (for example avoiding the need to employ alternative staff at higher cost)
 - Re-employment is required to enable the Service to deliver a statutory or key function or project.
- The creation of an Abatement Discretions Panel consisting of an Assistant Chief Fire Officer, Head of People and Organisational Development (or representative) and Head of Finance (acting as delegated Scheme Manager).

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1. BACKGROUND

- 1.1 At its meeting on 11 November 2022, Policy and Strategy Committee received the Local firefighter Pension Annual Report for 2021/22.
- 1.2 One of the recommendations of the report was to approve a change in the Abatement Policy to allow discretion around abatement to be considered in exceptional circumstances where there is a clear benefit to the Service in doing so.
- 1.3 Members approved the recommendation but requested that the delegated Pension Scheme Manager submit to a future meeting of the Policy and Strategy Committee a framework/rationale by which discretionary abatements will be guided.

2. REPORT

- 2.1 Scheme regulations provide fire authorities the discretion to abate a pension paid to a member who is re-employed by the Authority. They also require the employer to pay into the pension fund the amount of paid pension that could have been subject to abatement.
- 2.2 The Authority has previously had a blanket policy whereby if a member of the Firefighters' Pension Scheme retires and returns to work, their pension will be abated such that the combination of their new salary and their pension cannot exceed the value of their salary prior to retirement. If this happens then their pension would be "abated" or reduced.
- 2.3 In straightforward terms, if a firefighter was earning £30,000 before retirement and after retirement has an annual pension of £16,000, they would not be able to return to work to a role paying more than £14,000 without their pension being reduced.
- 2.4 If the Authority did not abate the pension, then it would be responsible for making a payment into the Pension Fund to the value of the pension that should have been abated. In the example set out above, if the employee returned to work for the Authority for a role paying £24,000, the cost of not abating the pension would be £10,000 per year, thus raising the cost of employment for the role to £34,000 per year which is clearly unsustainable.
- 2.5 The Local Government Association (LGA) issued some updated abatement guidance in May 2022 which recommended that Authorities should not operate a blanket approach to abatement and that the discretion should be considered on an individual basis.
- 2.6 Given the additional costs, it is considered unlikely that the Authority would not abate. However, in recognition of the revised LGA guidance, the Policy

was revised to allow some discretion in exceptional circumstances where there is a clear benefit to the service in doing so.

- 2.7 The recommended rationale for making the decision not to abate is that:
- There is an overall financial benefit in doing so (for example avoiding the need to employ alternative staff at higher cost)
 - Re-employment is required to enable the Service to deliver a statutory or key function or project.
- 2.8 It should be noted that this does not reflect a change in re-engagement practices and the Service continues to be cognisant of any tax implications in re-appointment of staff.
- 2.9 It is recommended that a discretions panel is created to consider each individual abatement discretion consisting of an Assistant Chief Fire Officer, Head of People and Organisational Development (or representative) and Head of Finance (acting as delegated Scheme Manager).
- 2.10 All abatement discretionary decisions will be reported back through the Pension Board at the next scheduled meeting.

3. FINANCIAL IMPLICATIONS

The additional costs of any abatement discretion decisions will form a key part of the decision-making process and form part of the decision-making rationale.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The change to the abatement policy provides additional an additional discretion to the Firefighters pension scheme.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken on this report because because it relates to the rationale behind delivering a policy rather than the policy itself.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The legal implications are set out within the report above.

8. RISK MANAGEMENT IMPLICATIONS

There are no significant risks to the organisation associated with the adoption of this framework.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members approve:

10.1 The following rationale for making the abatement decisions relating to the firefighters' pension scheme:

- There is an overall financial benefit in doing so (for example avoiding the need to employ alternative staff at higher cost)
- Re-employment is required to enable the Service to deliver a statutory or key function or project.

10.2 The creation of an Abatement Discretions panel consisting of an Assistant Chief Fire Officer, Head of People and Organisational Development (or representative) and Head of Finance (acting as delegated Scheme Manager).

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Craig Parkin
CHIEF FIRE OFFICER