



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Local Firefighter Pension Board

PENSION FUND FINANCIAL POSITION AT 31 MARCH 2018

Report of the Scheme Manager

Agenda Item No: 7

Date: 12 October 2018

Purpose of Report:

To inform the Board of the financial position of the Nottinghamshire Firefighters Pension Fund as at 31st March 2018.

Recommendations:

That Board members note the content of this report.

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1. BACKGROUND

- 1.1 The four Firefighter pension schemes (1992, 2006, 2015 and Modified) are all unfunded schemes, which means that they have no funding invested in assets. Effectively, the schemes operate on a “pay as you go” basis, with contributions into the schemes in each year used to pay the pensions and lump sum retirement benefits in that same year.
- 1.2 Since April 2006, the Fire Authority has been required by accounting regulations to operate a pension fund separately from the Authority’s revenue budget. This has had the effect of “ring-fencing” pension transactions so that they can be accounted for and reported as an entity.

2. REPORT

- 2.1 The Nottinghamshire Pension Fund for the Firefighter Schemes is included within the Authority’s accounts but shown as a separate fund. It is subject to audit by external auditors and its financial position is reported as at 31st March each year.
- 2.2 The Pension Fund for the year ended 31st March 2018 is attached as Appendix A.
- 2.3 The deficit on the Pension Fund (the amount by which pension benefits paid exceeds contributions into the schemes) is funded by the Home Office. For the year ended 31st March 2018 this deficit was £8.84m. The deficit in recent years has been as follows:

Financial Year	Pension Fund Deficit £m
2014/15	7.67
2015/16	10.17
2016/17	10.23
2017/18	8.84

- 2.4 It can be seen from Appendix A that the total amount of money coming into the pension schemes has reduced compared to the previous year largely due to a smaller workforce.
- 2.5 The total amount of benefits payable has decreased from £15.5m to £14.1m, mainly due to a lower level of commutations and lump sum retirement benefits. This element can fluctuate between years as it is dependent on the number of retirements and whether these staff hold senior positions.
- 2.6 The overall deficit of the scheme is expected to decrease over time as staff transition into the 2015 scheme and fewer staff retire from the more generous 1992 scheme.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full in the body of this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report.

5. EQUALITY IMPACT ASSESSMENT

An equality impact assessment has not been carried out as this is not a new policy.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes. The Pension Regulator's code of practice requires that Pension Board members are sufficiently knowledgeable about the subject to enable them to carry out their responsibilities and this report serves to increase knowledge and awareness of pension funding with a local context.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising directly from this report.

9. RECOMMENDATIONS

That Board members note the content of this report.

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

None.

Becky Smeathers
SCHEME MANAGER

PENSION FUND ACCOUNT

2016/17 £000		2017/18 £000
	Contributions Receivable	
	Fire Authority:	
(2,911)	Contributions in relation to pensionable pay	(2,813)
(248)	Other (Ill Health Retirements)	(108)
(2,347)	Firefighters' contributions	(2,300)
(5,506)	Total Contributions Receivable	(5,221)
	Transfers in from other authorities	
(34)	Transfers in from other schemes	0
	Benefits Payable	
12,123	Pensions	12,353
3,343	Commutations and lump sum retirement benefits	1,465
0	Lump sum death benefits	92
55	Other	143
15,521	Total Benefits Payable	14,053
	Payments to and on account of Leavers	
252	Transfers out to other schemes	6
10,233	Net Amount payable for the year before top-up grant from Central Government	8,838
(7,875)	Top-up grant received from Central Government	(7,570)
(2,358)	Balance of top-up grant for the year (receivable from)/payable to Central Government	(1,268)