

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
29 September 2022

REPORT AUTHOR: ASSISTANT CHIEF FIRE OFFICER

SUBJECT: REVIEW OF ABATEMENT AND RE-ENGAGEMENT POLICY

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Background Papers: ASC Review of Abatement Policy Report 22 September 2020
V10 29/01 Abatement and Re-engagement Policy
LGA "Informal abatement guidance for FRAs" May 2022 updated 25 August 2022

PURPOSE:

To consider the recommendation to update the Abatement and Re-engagement Policy in accordance with the updated LGA guidance.

RECOMMENDATION:

For the Audit and Standards Committee to review the proposed amendment to the Abatement and Re-engagement Policy and consider any items that they wish to raise.

1. Background

- 1.1 Policies are not ordinarily presented to the Fire and Rescue Authority for review, they are managed by the Service's officers. However, following discussions on the Service's Abatement and Re-engagement Policy in 2019, the Chair of the Audit and Standards Committee requested that the policy, once updated, is referred back to the committee for information and consideration.
- 1.2 A paper was presented by the Service in September 2020, however, the LGA had not yet published an update to their 2018 guidance and, therefore, the Committee requested that the policy review be paused until the LGA had published an update.
- 1.3 The Service's Abatement and Re-engagement Policy is owned by the Human Resources Section and is policy number V10 29/01.
- 1.4 Re-engagement is when a Firefighter retires and is re-employed as a Firefighter in the same role. This must be requested and approved before retirement and does not require the individual to go through a recruitment process.
- 1.5 When a retiree wishes to be re-employed to a different role, this must be in response to an advert and requires a selection process.
- 1.6 There are benefits and risks with re-engagement and in May 2015, the Fire Authority agreed parameters and factors under which the Chief Fire Officer was given the delegated authority for decision making regarding the application and the re-employment of retired fire fighters. These are detailed in the Abatement and Re-engagement Policy.
- 1.7 Abatement is applied when:

A member begins to draw their pension in the final salary Firefighters' Pension Schemes (FPS 1992, FPS 2006) and remains employed or is re-employed.

The annual salary of the role for which the individual is being re-employed into, plus their annual pension, must not exceed the salary they received immediately prior to retirement.

Where the new annual salary, plus annual pension exceeds the salary prior to retirement, the annual pension will be reduced or suspended to a level where the situation no longer applies.

As the years progress, index linking is applied to the figures.

- 1.8 The FRA has a discretion not to apply abatement to a member. If this discretion is exercised, the FRA becomes liable to make a payment equal to the amount that could have been abated into the pension fund account.
- 1.9 Under the Service's current Abatement and Re-engagement Policy, abatement calculations are carried out on re-engagement and only thereafter if there is a material change. The challenge has been the lack of clarity of what constituted a material change.
- 1.10 Currently BFRS has 9 individuals re-engaged, 4 of which are On-Call.

2. LGA Informal Guidance and Next steps

- 2.1 In May 2022, the LGA published the long-awaited update "Informal abatement guidance for FRAs" (appendix 1).
- 2.2 There is still no prescribed guidance on how abatement should be applied or calculated, however, the LGA informal guidance offers general principles and good practice with a range of options and worked examples.
- 2.3 For all individuals that fall in-scope, the Service proposes to:
 - undertake an initial assessment at the point of re-employment
 - a further assessment at the point of any material change
 - an annual check
- 2.4 The annual check will mitigate the risk of over payment due to a change that may not have been identified as material, for example, temporary additional hours worked or as with recent pension increases being in excess of pay awards. There is still potential of an overpayment of pension particularly with the delays in national pay awards being agreed.
- 2.5 More frequent checks, for example quarterly, may help an On-Call employee to more closely monitor when they are likely to exceed their threshold for abatement, but their earnings are so variable that to use an average at the end of Q1 might result in an abatement that is then not applicable at the end of Q2, only to become appropriate again at the end of Q3. This may unnecessarily impact the resourcing of pump availability to respond to an emergency as the On-Call Fire Fighter may then

decide to pre-empt the risk of exceeding the threshold by removing their availability all together. This approach is also likely to incur additional charges from the Local Pensions Partnership (LPP, the Authority's fire pensions administrator) due to the additional calculations work.

- 2.6 It is also worth noting that Remedy may impact members when their service for the remedy period is converted from the FPS 2015 to their legacy scheme as they may become liable to abatement or increased abatement.
- 2.7 The LGA updated guidance does not provide any clarification on payments considered to be pensionable, therefore, there continues to be differences between the calculations for On-Call and Whole time Fire Fighters. The Service uses the calculations as advised by the LPP and to prevent the Policy becoming too complex, these calculations are not detailed within it but are explained to an affected individual.
- 2.8 The proposed amendments to the Abatement and Re-engagement Policy are highlighted in appendix 2.
- 3. Recommendations
- 3.1 For the Audit and Standards Committee to review and consider the updated policy.

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