

FIREFIGHTER'S PENSION FUND STATEMENT OF ACCOUNTS 2016/17

Report of the Director of Resources

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1. Purpose of the Report

- 1.1. To provide the Fire Board with the audited Firefighter's Pension Fund Statement of Accounts for 2016/17 ("the Accounts"), attached at Appendix A.

2. Summary

- 2.1. The Firefighter's Pension Fund accounts are audited by Ernst & Young LLP as part of their audit of Hertfordshire County Council Statement of Accounts. The findings of the audit are published within the Audit Results Report (ARR) of the main Hertfordshire County Council audit. This is attached at Appendix B.

3. Background

- 3.1. The Firefighter's Pension Fund is an unfunded defined benefits scheme meaning that there are no investment assets available to meet pension liabilities. Employee contributions and employer contributions are paid into the pension fund from which pension payments are made. The fund is topped up by central Government grant if the contributions are insufficient to meet the cost of pension payments and any surplus in the fund is recouped by central Government. The underlying principle is that employer and employee contributions together will meet the full cost of pension liabilities being accrued in respect of currently serving employees, while central Government will meet the costs of retirement pensions in payment, net of employee and the new employer contributions.

4. 16/17 Accounts & Audit Results

- 4.1. During 2016/17 contributions receivable and transfers in totalled £4,814k, whilst benefits paid and transfers out totalled £12,255k. The balance of £7,441k was topped up by Central Government grant.
- 4.2. The primary variance from 2015/16 was a decrease in benefits payable of £774k. Following a complaint from a member which was upheld by the

Pensions Ombudsman in May 2015, additional payments were made to those whose pension commenced between 1 December 2001 and 21 August 2008, and who elected to commute pension for lump sum at retirement. All liabilities (£1,107k) arising from this ruling were fully paid by March 2016, and additional grant was received to cover this.

During 2016/17 the Government agreed to introduce an employee contributions holiday for members of the 1992 Firefighters' Pension Scheme who had accrued the maximum 30 years' pensionable service prior to age 50 but continued to pay contributions, and this change was applied retrospectively to 1 December 2006. All liabilities (£333k) arising from this ruling were fully accounted for in the 2016/17 accounts, and additional grant was received to cover this.

- 4.3. During the audit process there were three audit queries relating to the Firefighter's Pension Accounts which were in relation to additional data requests for:
 - i. the average number of members and the total pensionable pay by scheme category (1992, 2006 & 2015 Firefighter's Pension Schemes)
 - ii. the commuted lump sums
 - iii. the calculations behind the employee contribution holiday payments.

Following the responses to the requests the queries were closed and there were no further queries.

- 4.4. The Accounts were included within the County Council's Statement of Accounts which were signed off by the Audit Committee on 11 September 2017.
- 4.5. The Audit Results Report (ARR) issued an unqualified opinion on the Hertfordshire County Council and Firefighter's Pension Fund financial statements, with no recommendations made (Appendix B, p16).

5. Recommendations

- 5.1. That the Fire Pension Board note the accounts of the Firefighter's Pension Scheme 2016/17.