

FIREFIGHTERS' PENSION COMMITTEE

NOTE OF THE 42nd MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 26th OCTOBER 2011 AT ELAND HOUSE, BRESSENDEN PLACE, LONDON

(A list of the attendees is attached in Annex A)

1. Introduction

- 1.1 The Chair welcomed everyone to the meeting. As there were a number of new members to join the FPC he invited to attendees to introduce themselves and to declare their representative organisations.

2. Note of the 41st meeting

- 2.1 Sean Starbuck made reference to paragraph 4.3 of the draft note. He said that whilst the FBU was opposed to the introduction of tiered contributions, any link between tiered contributions and firefighter roles would be more appropriate. He asked for paragraph 4.3 to be amended to include:

“Whilst reiterating the FBU’s opposition to the proposal to introduce tiered contributions he suggested that any link between tiered contributions and firefighter roles would be more appropriate.”

- 2.2 The note of the 41st meeting was agreed, subject to the above change.

3. Matters arising from the 41st FPC meeting – FPC(11)11

- 3.1 The Chair introduced paper FPC(11)11 which updated members on the items discussed at the 41st meeting held on 13th September 2011.

Future arrangements for management of Committee (paragraph 3.5)

- 3.2 Please refer to section 4 of this note.

Firefighters’ Pensions: Pensions Contributions (section 4.7)

- 3.3 Following an action from the last meeting, the forecast numbers of firefighters affected in each pensionable pay band by the proposed increase in pension contributions and the associated assumptions had been provided at Annex A.

Employee Contributions: Alternatives (section 5)

- 3.4 The Chair explained that in response to an action from the last meeting GAD had confirmed that no cross-scheme work was currently being undertaken. He said that he had asked colleagues responsible for some of the other public sector pension schemes and the position was the same. No responses had been received following the invitation at the last meeting for members to

comment on GAD's alternative options paper or to suggest additional proposals.

Scheme Sanction Charge (paragraph 8.3)

- 3.5 The outstanding action point for Ged Murphy to produce a committee paper on the Scheme Sanction Charge would be picked up at the next meeting on 18th January.

4. Firefighters' Pension Committee (FPC) – TOR and remit – FPSC(11)12

- 4.1 The Chair introduced committee paper FPC(11)12 which set out the draft 'Terms of Reference' and revised membership for the FPC. He said that he had received an email from Richard Dennis, Head of Fire and Rescue in the Scottish Government, who had requested for the FPC to remain a single forum whereby all interested parties, including those responsible for the firefighter pension schemes in the devolved administrations (DAs), had full membership.

- 4.2 Sean Starbuck also agreed that the FPC should remain a single, UK wide forum. This view was supported by the FOA and Welsh Assembly.

- 4.3 Dawn Whittaker said that repeated forums in each of the DAs would be unhelpful.

- 4.4 Terry Crossley reiterated the points raised at the last meeting in that discussions at the FPC had the clear purpose of informing the SoS on issues relating to the two firefighter pension schemes in England. Whilst DCLG had accepted the merits of allowing the DAs to attend FPC meetings in an observer capacity, there was no getting away from the fact that the DAs were ultimately responsible for making their own decisions in respect of the pension schemes that they managed. He said that he could not understand why the DAs continued to insist on full FPC membership for them and their business partners and that DCLG considered the matter closed.

5. Consultation on employee contributions – update

- 5.1 Vickie Edwards confirmed that DCLG had to date received approximately twenty responses to the consultation which were all opposed to the proposed increase in contribution rates. The consultation period would close on 2nd December 2012.

- 5.2 Kingsley Rees confirmed that the Welsh Assembly had published their consultation paper on increasing the employee contribution rates that morning. He said that he would email the Chair a link to the consultation for information.

[Secretary's Note: DCLG provided members with a hard copy paper handout showing the indicative impact on firefighter take home pay of the proposed contribution rate increases for Year 1]

5.3 The Chair explained that the proposed increases in employee contribution rates would indicatively cost a regular firefighter earning £28,200 per year an additional £24 per month if he was a member of the FPS 1992 and an additional £11 per month if he was a member of the NFPS, taking into account the effects of tax relief.

5.4 Dawn Whittaker said that in the interests of completeness, the impact of proposed increase in pension contributions on Principal Fire Officers' take home pay should also be included. The Chair said that DCLG would be happy to include the impact on Principal Fire Officer take home pay if APFO provided details on the associated salary levels.

ACTION: APFO to provide current salary levels for members employed in the role of Principal Fire Officer

ACTION: DCLG to provide the indicative impact of the proposed increase in pension contributions on Principal Fire Officer take home pay

5.5 Dawn Whittaker also highlighted that the current proposals impacted disproportionately on firefighters employed in the more senior roles. In response to this comment, the Chair invited members to submit further modelling suggestions that they would want considered.

ACTION: Members invited to submit further modelling suggestions that they would want considered

5.6 John Barton said that it would be very useful if further modelling updates to the handout could be published on the DCLG website.

5.7 James Dalglish explained that in an effort to collect the best possible evidence showing the impact of the proposed increase in employee contributions on the firefighter workforce, the LGA had issued a questionnaire to all FRAs in England asking about matters such as scheme opt-out rates and retirement rates etc. The deadline for responding to the survey was 31st October. He said that the responses would inform LGA's formal response to the consultation. Initial findings from responses received from LFEPAs showed that opt-out rates were small compared to overall membership numbers.

5.8 Alyson Hall said that the GMFRS had experienced a slight year on year increase in the number of optant outs and also a slight increase in the number of deferred members electing to transfer their firefighter pension pot to other schemes. She said that GMFRS had implemented a series of road shows to inform members of the proposed changes to the pension schemes and to caution against opting out of scheme membership.

- 5.9 James Pepler said that there may be a different appetite for opting out of scheme membership amongst RDS firefighters.
- 5.10 Sean Starbuck highlighted that the FBU were advising members not to opt out of the pension scheme at this stage until all facts were known.

6. Hutton Reforms – update and FBU evidence

- 6.1 The Chair explained that DCLG was still waiting for cost ceilings from HM Treasury for the post-2015 firefighter pension scheme. In a letter from the Chief Secretary to the Treasury, Danny Alexander had stated that the cost ceilings for firefighter pensions will be published in the autumn at which time it will be disseminated to the FPC. He said that the FBU had collected a significant amount of evidence and had submitted four comprehensive papers to DCLG for consideration.
- 6.2 Sean Starbuck said that the FBU were pleased that the publication of the cost ceiling for the post-2015 firefighters' pension scheme had been delayed and was being given further consideration by HM Treasury. The FBU was also pleased with the way bilateral discussions with DCLG were progressing and that the evidence submitted was being given serious consideration. He said that the FBU would not be asking their members to strike at this stage. The FBU had recognised that there was a lack of evidence to support Lord Hutton's recommendations and, therefore, made a decision to commission independent opinions from respected professionals.
- 6.3 Terry Crossley thanked the FBU for the additional independent evidence that they provided and said that this was a clear demonstration that they were willing to participate in constructive engagement.
- 6.4 Dawn Whittaker made reference to paragraph 6.1 of the note of the last meeting and asked for an update on the timetable for setting the post-2015 scheme design for firefighter pensions. The Chair explained that HM Treasury had recognised that it would not be possible to submit the headline scheme design for firefighter pensions before the end of October. He said that consideration still had to be given to cost ceilings, transitional arrangements and other potential scheme design options.
- 6.5 Ivan Walker made reference to the timetable for setting the cost ceilings and asked when the current schemes' valuation was going to be completed. He said the findings of the valuation would impact on both employee and employer contribution rates. In response, James Pepler explained that HM Treasury was clear that the valuations of the existing public sector pension schemes were separate from the process of designing the post-2015 schemes. The Chair further explained that all valuations for current schemes were currently on hold at the request of HM Treasury and that the employer's contribution cap for the post-2015 scheme would be determined under a different process and methodology than that used for setting the cost ceilings.

7. Any Other Business

Fraudulent Transfers

- 7.1 Alyson Hall advised members that GMFRS had been made aware that an unregistered company that had been set up to receive fraudulent CETV transfer payments. She said that the Police had been informed and that she was also due to discuss the issue with Ian Hayton of the CFOA. It was agreed that DCLG would write to FRAs to make them aware of the issue.

ACTION: DCLG to write to all FRAs in England to make them aware of the existence of rogue companies

Auto-enrolment

- 7.2 Dawn Whittaker made reference to paragraph 8.2 of the note of the last meeting and asked for an update on the requirement for employers to auto-enrol eligible staff into pension schemes in respect to the firefighter pension schemes. Vickie Edwards explained that on the basis of data available, the Department anticipated that the first fire and rescue authorities will begin to be affected by the duty from April or May 2013 onwards. The Department is in discussion with DWP about the duty and is considering any changes needed to the Scheme rules to ensure that authorities can comply with auto-enrolment. Given the timescale involved and the team's current priority on progressing Scheme reforms, the Department will look to bring forward proposals for discussion at the Committee in the New Year.

Scheme Sanction Charge

- 7.3 Dawn Whittaker also made reference to the Scheme Sanction Charge guidance that had been issued by the Home Office in respect to the Police Pension Scheme and asked why DCLG had made the decision not to issue similar guidance for firefighter pensions. The Chair responded by explaining that the localism agenda was a high priority for the current Government and there was a clear steer from DCLG Ministers that there should be a move away from the Department issuing guidance. He also said that he did not consider that DCLG had a role in providing tax advice and FRAs should seek the view of HMRC and take their own legal advice.

APB uprating for 2011/12

- 7.4 Ivan Walker made reference to the pending legislative amendments to change the index linking mechanism for APBs in the FPS 1992 which were expected to come into force in April 2012. He asked what index linking rate should be applied to those APBs that were expected to come into payment in the year 2011/12. Terry Crossley said that it was DCLG's informal view that until such time that the legislative amendments came into force the existing scheme legislation should be applied. If the legislative amendments affecting the index linking of APBs was subsequently applied retrospectively then it would be for FRAs to decide whether they could claw back any overpayments.

7.5 In concluding the meeting the Chair informed members that Vickie Edwards would be leaving the Firefighters' Pension team at the end of November. He thanked her for her great contribution to the work of the team and on behalf of the FPC wished her every success for the future.

8. Dates of future meetings

18 January 2012 (10am)

5 April 2012 (10am)

4 July 2012 (10am)

3 October 2012 (10am)

***DCLG
November 2011***

Attendees

Andrew Cornelius (Chairman)	DCLG
Terry Crossley	DCLG
Vickie Edwards	DCLG
Anthony Mooney (Secretary)	DCLG
Maurice Heaster	LGA
James Dalgleish	LGA
James Pepler	GAD
Daniel Selby	GAD
Alyson Hall	GMFRS
Jenny Coltman	SPPA
Christine McGuire	DHSSPSNI
Kingsley Rees	Welsh Assembly
Sean Starbuck	FBU
Ivan Walker	Thompsons Solicitors
Dawn Whittaker	APFO
Glyn Morgan	FOA
John Barton	RFU

Apologies

Ged Murphy	LGA
Andrew Bayne	Kent FRS
Ian Hayton	CFOA