

## **FIREFIGHTERS' PENSION COMMITTEE**

### **NOTE OF THE 44<sup>th</sup> MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 28 MARCH 2012 AT ELAND HOUSE, BRESSENDEN PLACE, LONDON**

(A list of the attendees and apologies for absence is attached at Annex A)

#### **1. Introduction**

1. The Chair welcomed everyone to the meeting. As there were a number of new members to join the FPC he invited the attendees to introduce themselves.

#### **2. Note of the 43<sup>rd</sup> meeting**

- 2.1 Ged Murphy made reference to paragraph 7.1 on the scheme sanction charge and confirmed that a legal opinion and HMRC clarification was awaited. Once obtained, he would share HMRC views with the FPC.

**ACTION:** Ged to share HMRC views on the scheme sanction charge once received.

- 2.2 Jim Preston provided an update on the Home Office informal guidance and said that clarification of the Finance Act 2004 would be welcomed. The Police and Fire Pension schemes had different practices in respect of the scheme sanction charge, which the FPC recognised could lead to a potential scope for challenge, with the view that this issue would be a grey area until it was tested in law.

- 2.3 The note of the 43<sup>rd</sup> meeting was agreed.

#### **3. Statutory consultation on employee contribution rate increases from April 2012 – oral update**

- 3.1 The Chair confirmed that a final decision on employee contribution rate increases from April 2012 was expected imminently. The Chair said that the announcement, once made, would be circulated immediately to the FPC and FRAs.
- 3.2 Ged Murphy commented that this late announcement would have practical implications for FRAs, and for outsourced providers, given that systems would need to change if tiered contribution rates were implemented. This could possibly mean that April contributions were collected in employees' May payroll, although the FRA will try to avoid this. The Chair said that the Department recognised that particular issue might arise.

#### **4. Statutory consultation on amendments to the FPS and NFPS – oral update**

4.1 The Chair stated that these amendments were processing to their final stages and it was hoped that these would be finalised over the next few months.

#### **5. Heads of Agreement – oral update on progress and next steps**

5.1 The Chair confirmed that the Heads of Agreement had been published on 9 February, and accompanying communications material had also been published, including FAQs on the reforms and illustrative pension benefits under the Heads of Agreement.

5.2 The Chair stated that the NHS, PCSPS, and TPS had proceeded to the next stage, a Proposed Final Agreement, and the intention was for the Firefighters' Pension Scheme to also do so. The Chair stated that he was keen for discussions on the next stage to be concluded with the Pension Reform Group over the next month.

#### **6. Review of Opt-outs – Terms of Reference**

6.1 The Chair introduced the paper setting out Terms of Reference for an FPC review of opt-outs. He explained that the Government was committed to reviewing the impact of 2012-13 contribution increases on scheme members before taking final decisions on the following two years' future increases. Although no formal date had been announced for the outcome of the Government review, it was expected this would be later in 2012, after the summer recess.

6.2 If agreed, under the Terms of Reference set out in the paper, the Department would undertake a survey with FRAs to capture scheme experience from April 2012, considering historic and current pensions data. The Department had started to consider what data was already held and the information which needed to be collected from FRAs.

6.3 Jim Preston stated that the Scottish Government planned to run a similar process and that it would be helpful to have uniform methodology and questions. He stressed the sensitive financial nature of the survey questions, asking that it be made clear that the questions were linked to understanding possible impact on contributions.

6.4 Kingsley Rees said that the Welsh Assembly hoped to provide formal agreement in the next few days. The Chair confirmed that Northern Ireland were keen to be involved in this process, and were currently seeking Ministerial approval.

**ACTION:** DCLG to share the methodology and approach to be adopted for the review with the Devolved Administrations.

6.5 The FPC had a discussion on the questions to be asked and the timescale. Points arising were:

- Dawn Whittaker: helpful to give FRAs as much notice when commissioning the survey, so that FRAs could have sufficient time to analyse the data and compile responses.
- Chair: LGA's comments would be welcome to ensure that the scale of the survey was not too burdensome on FRAs. The ideal would be to collect this data on a month by month basis. DCLG was also giving some thought to commissioning focus groups as part of the review.
- Tristan Ashby: questions also needed to focus on understanding the implications of increased contributions on retained firefighters' decisions to join the pension scheme.
- James Pepler: said that it might not be possible to draw effective conclusions by gender/age etc even with a high response rate.
- Ged Murphy: highlighted that some data could be captured immediately, given that information on opting out enquiries had started to be recorded. Other questions might focus on firefighters' that had transferred their pension to a private pension scheme.

6.6 It was not thought that a minimum response rate was required in order for the survey to be valid. However, DCLG hoped that the LGA might encourage FRAs to respond to ensure a good response rate. Terry Crossley stressed the importance of FRAs collecting adequate data now as, in future years, there might be more rigorous data requirements to inform the later stages of the Hutton reforms.

6.7 The Committee agreed the terms of the paper.

## **7. Review of Pension Age – Terms of Reference**

7.1 Councillor Heaster presented the LGA's paper on their proposal for the FPC to review the normal pension age (NPA) for firefighters. The Heads of Agreement had contained a commitment to regularly review the NPA, which would be informed by such research carried out by the FPC. The LGA's view was that the review should commence as soon as possible, so that the final report could be published by end of 2012.

7.2 The paper set out proposed Terms of Reference, a proposed specification for the Review Chairman and asked the FPC to identify sources of funding. Sean Starbuck said that the FBU supported this paper.

### *Terms of Reference*

7.3 Terry Crossley stressed the importance of recognising the cohort of members the review would capture, given that firefighters within 10 years of their current NPA would remain in their current schemes and their would also be tapered protection for those within 14 years of their current NPA.

- 7.4 Dawn Whittaker said it would be helpful, as the scheme was worked up, to have clarity on the type of evidence that was going to be asked for. She also asked the review to take into account ill-health data for other 'practical' workforces.

#### *Research*

- 7.5 The FPC recognised that other on-going research might be useful in the context of this review. The FBU had started to look at international comparisons (eg America) although Sean Starbuck explained that there could be subtle differences on job specifications which might mean different NPAs were applicable for firefighters in other countries.
- 7.6 Ged Murphy highlighted an international long-term research project that was looking at the overall effects of firefighters on the implementation of new technology. Ged was also aware of research by Bath university and said it would be useful to gain a good understanding of that work. Dawn Whittaker said that CFOA might be able to provide an update.
- 7.7 Terry Crossley asked the LGA if they could collect from the FRAs information on any 'twin' partners they had internationally. The LGA agreed to this.

**ACTION:** LGA to identify international 'twin' partners of FRAs.

#### *Review Chair*

- 7.8 The FPC agreed that a Chair would be required who would be able to cope with the intellectual challenges and conflicting views of various organisations that the role might bring. It was agreed that the FPC would provide a list of possible names for the Chair within two weeks of the meeting.
- 7.9 The shortlisting of names would then be delegated to a smaller group (DCLG, LGA, and employee representative). The intention was that a final decision on who had been appointed could be reported back to the FPC in July and, hopefully, the selected Chair could be invited to the meeting. Terry Crossley said that the Department would need to reserve its position pending Minister's views on an appropriate Chair.

#### *Financial Implications*

- 7.10 The LGA thought that to cover a review of this scale the cost could be in the region of £100-200K, with the Chair recognising that the level of evidence to be collected would have a significant impact. If the review was to be carried out on a UK wide basis then Jim Preston thought that Scotland's contribution would be through the Barnett formula.

7.11 The LGA highlighted the research funds held by DCLG. The Chair hoped that putting some of Departmental funds towards this review should not be problematic, although this would be a decision for Ministers.

7.12 The Committee agreed the terms of the paper.

***DCLG  
June 2012***

## Annex A

### Attendees

Andrew Cornelius (Chairman)	DCLG
Terry Crossley	DCLG
Sharon Mayers (Secretary)	DCLG
James Pepler	GAD
Jim Preston	Scottish Government
Cllr Maurice Heaster	LGA
Eamon Lally	LGA
Ged Murphy	LGA
Jackie Wood	LGA
Sean Starbuck	FBU
Ivan Walker	Thompsons Solicitors
Andrew Bayne	Kent FRS
Dawn Whittaker	APFO
Tristan Ashby	RFU
Craig Thomson	FOA
Kingsley Rees	Welsh Assembly

### Apologies

Heather Robinson	Northern Ireland
John Craig	Scottish Government
Ian Hayton	CFOA
Dr Will Davies	ALAMA
Richard Hornby	West Sussex
James Dalglish	LGA
Glyn Morgan	FOA