

FIREFIGHTERS' PENSION COMMITTEE

NOTE OF THE 46th MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 3rd OCTOBER 2012 AT ELAND HOUSE, BRESSDEN PLACE, LONDON

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

1. Introduction

- 1.1 The Chair welcomed everyone to the meeting.

2. Note of the 45th meeting

- 2.1 The Chair made reference to paragraphs 4.8 and 6.8 of the note and highlighted the suggested amendments put forward by James Dalgleish.
- 2.2 The Chair also updated members on the 3 action points from the last meeting:

Action1: The LGA and Trade Unions to confirm the names of the employer and employee representatives to be appointed as formal review participants:- James Dalgleish was nominated as the LGA participant and Sean Starbuck was nominated as Trade Unions' participant.

Action 2: DCLG to cascade to members the list of questions intended to be asked at the focus groups:- The proposed questions were circulated to Trade Union representative members with feedback incorporated.

Action 3: Members invited to submit comments on the governance of the post 2015 scheme:- No comments were received.

- 2.3 The note of the 45th meeting was agreed, subject to the amendments to paragraph 4.8 and 6.8.

3. Public Service Pension Bill – FPC(12)12

- 3.1 The Chair introduced paper FPC(12)10 which provided a summary of the explanatory notes to the Pensions Bill. He said that the Bill would provide Ministers with the powers to create public service pension schemes within a common framework. The Bill would also provide the framework for the transitional protections as set out in the Proposed Final Agreement.
- 3.2 The Chair invited members to raise any questions or comments in respect of the publication of the Bill. No questions or comments were raised.

4. Hutton Reforms

Review of the Normal Pension Age

- 4.1 The Chair invited Sean Starbuck and James Dalgleish to provide feedback from the meeting with the review team.

- 4.2 Sean Starbuck explained that he had submitted two papers as an initial response to redeployment with English FRAs and also to working beyond the age 55 years in the Fire Service. He also explained that the FBU were very concerned that the NPA review appeared to be heavily reliant on raising “firefighter fitness”. The FBU had written to Dr Williams to highlight this concern, including additional concerns about the NPA review’s timescales. He explained that in order for the findings of the NPA review to have any influence on the final legislation of the Pensions Bill, it would be necessary to adhere to the previously agreed timescales. He also expressed his concern that data from the devolved administrations would not be considered as part of the review; he reiterated that the FBU’s position was that devolved administrations should be active participants in the review process.
- 4.3 James Dalglish said that the LGA also shared the FBU concern that the review was concentrating on firefighter fitness levels rather than identifying what an appropriate NPA should be for firefighters.
- 4.4 The Chair explained that both the LGA and the FBU had got their point across regarding the emphasis on fitness. Without wishing to pre-empt the review, the Chair said that his understanding was that Dr Williams had no intention of issuing fitness standards as this was not the objective of the review. He also said that the Proposed Final Agreement would only apply to England and, as such, the review should concentrate on data collected from English FRAs.
- 4.5 Kingsley Rees of the Welsh Assembly suggested that from a statistical perspective, the data from England could be viewed as relevant statistics for the purposes of drawing conclusions for Scotland, Wales and N Ireland.

[Secretary's Note: Following discussions with Dr Williams, the FBU and the LGA, DCLG has agreed to include the devolved administrations as part of the data collection exercise, on the agreement to certain prescribed conditions. It was also acknowledged that the results from the devolved administrations might be represented separately in the final report.]

- 4.6 James Dalglish also said that, as part of his review, Dr Williams would be requesting significant amounts of personal fitness data from FRAs to include age profiles, BMI, height, weight and VO₂ max etc. It was the LGA’s view that some of this data would be available but may not be available in any systematic format. He also suggested for the ‘data request’ to be formally issued under the auspices of the FPC to highlight that it has been approved by all representative member organisations. He also emphasised the need for all submitted data to be anonymised.

[Secretary's Note: The data request was sent to FRAs by DCLG, on behalf of the FPC, on 10th October]

- 4.7 Ian Hayton reiterated the previous offer from CFOA to support the process of collecting the data from FRAs. He said that he was due to meet occupational health colleagues on Friday 12th October and that it would be useful to have something to share with them.

[Secretary's Note: DCLG forwarded the data collection request to the CFOA on the 10th October asking them to make occupational health practitioners aware of the data collection exercise]

- 4.8 Cllr Heaster asked whether Dr Williams was on schedule to conclude his review as per the agreed timetable. The Chair said that he was not aware that Dr Williams was not currently on schedule; however, his ability to provide a final report by December would depend on the availability and timeliness of the personal data requested.

Governance – FPC(12)11

- 4.9 The Chair explained that the committee paper set out how DCLG envisaged the governance arrangements for the firefighter pension scheme would operate post 2015. He suggested that a separate meeting of relevant authorities could be set up to look at this specific area of work.
- 4.10 Trevor Newton made reference to the implementation timescales and said that any guidance on scheme governance would need to reflect those Local Authorities that have responsibility for the administration of more than just the firefighter pension schemes.
- 4.11 Glyn Morgan asked whether it was envisaged that the FPC would constitute the formal Pensions Policy Group. The Chair responded in the affirmative and asked members to consider what, if any, adjustments would need to be made to the existing structure of the FPC.

ACTION: Members to comment on what, if any, adjustments should be made to the current structure of the FPC to reflect the requirement for a Pensions Policy Group for firefighter pensions.

- 4.12 Alyson Hall highlighted the existence of other groups such as the Technical Working Group, which had been recently established, where issues relating to firefighter pensions were discussed. She said that it would be important to consider how these groups could feed into the governance arrangements for the existing schemes.
- 4.13 James Dalgleish said that it was important to consider the existing governance arrangements for local government pensions to ensure that new burdens were not imposed on current decision making processes. Cllr Heaster said that the LGA were looking at a national pension board for the LGPS. This could also cover the fire schemes.
- 4.14 The Chair concluded by inviting volunteers to meet to consider the proposed Governance structure.

ACTION: Members to consider volunteering to meet to look at the governance arrangements for the post 2015 firefighter pension scheme

Preparing for 2015

- 4.15 The Chair explained that the Committee would need to start considering the new regulations to provide for the new 2015 scheme. DCLG would aim to formally consult on the final draft regulations in October/November 2013. He

said that his team were currently going through the regulations of the 2006 Scheme to identify those provisions that needed to be retained, amended or replaced, and to identify the required amendments to provide the transitional protections. DCLG would hope to have a partial draft blueprint for the next meeting in January 2013.

5. Employee Contribution Rates

Review of Opt-outs rates – Opt-outs of the Firefighters Pensions Schemes – FPC(12)12

- 5.1 The Chairman introduced paper FPC(12)12 which set out the outcome of the opt out data collection process for the period up to and including July 2012. He said that the data received from fire and rescue authorities showed that, over the four month period, April was the month that had the highest level of optants outs. The rate of optants out had dropped in each month, with the rate of optants out in each scheme in July being a third of the amount that opted out in April. This suggested that there was likely to have been an 'opt out' effect from the increase in April 2012 but that that effect had diminished in the meantime.
- 5.2 James Dalgleish said that it was important to break the number of opt-outs down into gender to consider whether any particular group had been disproportionately affected. The Chair said that this had been done in the Annex but that it was also important to appreciate that as the schemes' female membership was relatively small, a small number of actual opt-outs could appear to disproportionately impact the schemes. .
- 5.3 Glyn Morgan said that he found committee paper FPC(12)12 unhelpful as the data was based on the small 2012 increase in contribution rates. He said that he expected to see significantly higher rates of opt-outs following the more substantial increases in contribution rates proposed for 2013/14 and 2014/15.

Review of Opt-outs rates – Research Works Ltd (RSW) report into firefighter attitudes into their Pension Scheme

- 5.4 Sean Starbuck said that the findings of the RSW report would suggest that many members were waiting for the final decision on the NPA. He also questioned the origin of the suggestion, and that any increase in the NPA above 56 years would be material for members' considering staying in their scheme.
- 5.5 In concluding the discussion, the Chair confirmed that there would be consultation on the terms of the 2015 Scheme and that the RSW report findings would inform that consultation paper. Interested parties would have an opportunity to comment at that stage.

Update on April 2013 increase

- 5.6 The Chair informed members that DCLG was currently making preparations to consult on the increase in employee contributions from April 2013.

6. Auto-enrolment

- 6.1 The Chair explained that his team had now received ministerial agreement to formally consult on the proposed amendments in respect of auto-enrolment. He said he expected the formal consultation paper to be published in the next week and that the consultation period would last for four weeks.

[Secretary's Note: The consultation paper was issued on 10th October (<http://www.communities.gov.uk/publications/fire/pensionsconsultation>). The deadline for responses is 7th November]

7. Pensionable Pay, duty systems, and scheme liabilities

- 7.1 The Chair said that further to the discussion on pensionable pay at the last meeting, DCLG had now raised the issue with Treasury who were concerned about the unfunded past service costs to the schemes. He said that his team were due to meet Treasury colleagues shortly to further discuss the issue.

8. Statutory consultation on amendments to the FPS/NFPS

- 8.1 As mentioned, the Chair explained that DCLG was still dealing with an outstanding issue relating to the proposals to amend the pensionable pay provisions. He said that he was due to meet Treasury colleagues to discuss the issue and would then take Minister's views on publishing a formal response to the consultation.
- 8.2 Sean Starbuck emphasised his concern at the delay, in particular to the proposal to introduce an employee contributions holiday. The Chair said that DCLG would wish to formally respond to the full set of proposed amendments consulted on at the same time.
- 8.3 Trevor Newton made reference to a letter sent from Des Prichard raising APFO's concerns about the delay in DCLG formally responding to the consultation paper. The Chair said that he would respond direct to Des Prichard on the points that he raised in his letter.
- 8.4 Ian Hayton said that many FRAs were currently looking at their budgets in respect of workforce changes etc. He said they needed clarity on the true financial implications of any pensionable pay changes, otherwise resources will have been committed. In response, the Chair said that it was essential for FRAs to consider the full pension costs associated with any workforce decisions.

9. Any Other Business

Scheme Valuations

- 9.1 The Chair said that HM Treasury had informed schemes to prepare to undertake a valuation exercise on both the 1992 and 2006 schemes as at

the 31st March 2012. Richard Haines explained that GAD was discussing data collection arrangements with Heywoods to learn lessons in respect of the last data collection exercise. Discussions would also take place with other software providers.

Scheme Pays

- 9.2 The Chair informed members that the new GAD guidance on ‘Scheme Pays’ had been published and had been cascaded to FRAs.

Scheme Sanction Charges (SSC)

- 9.3 Glyn Morgan introduced his paper on the SSC. He said that the FOA were aware of instances where FRAs were passing on the SSC to members where the commutation lump sum breached HMRC’s Pension Commencement Lump Sum limit (PCLS). He said that it remained unclear as to whether the SSC should be paid where a member’s commutation lump sum exceeds the PCLS limit, and, if it is payable, whether a FRA had the authority to pass the charge on to the scheme members. He said that the current lack of clarity was unacceptable. In response, the Chair said that any decision relating to the SSC was a local tax matter between employee and employer. If an employee felt that they shouldn’t be paying the SSC then they should raise it with the employer and HMRC, and perhaps take legal advice. He said that DCLG was not qualified to give tax advice.

Transfers Out

- 9.4 Sean Starbuck advised that the FBU were aware of firms that were specifically targeting public sector workers to encourage them to “liberate” their pensions. He said that this process in providing the member back with a “loan” rather than a pension would probably represent an unauthorised payment which would trigger a substantial tax penalty for the scheme member. He said that it was important to inform scheme members about this especially at a time of uncertainty when members were considering alternative means of investing their pension funds.
- 9.5 Alyson Hall said that she had raised the issue at the FPC previously. She said that there were two issues – those being carried out by legitimate firms and those being carried out by fraudulent firms. GMFRS has reported any cases relating to fraud to the local Police. She said that GMFRS had also held seminars advising members to take independent financial advice before making any final decision. The Chair agreed to put a note on the discussion forum to inform FRAs about the issue.

ACTION: DCLG to submit a note on the online discussion forum to inform FRAs about the existence of these firms

10. Dates of future meetings

17 January 2013 (10am)

24 April 2013 (10am)
17 July 2013 (10am)
16 October 2013 (10am)

Department for Communities and Local Government
October 2012

Annex A

Attendees

Andrew Cornelius (Chairman)	DCLG
Chris Megainey	DCLG
Anthony Mooney (Secretary)	DCLG
Cllr Maurice Heaster	LGA
James Dalgleish	LGA
Jackie Wood	LGA
Rich Haines	GAD
Alyson Hall	GMFRS
Andrew Bayne	Kent FRS
Lorna Smith	Scottish Executive
Jenny Coltman	SPPA
Gillian McMaster	DHSSPSNI
Kingsley Rees	Welsh Assembly
Sean Starbuck	FBU
Ian Hayton	CFOA
Trevor Newton	APFO
Glyn Morgan	FOA
Tristan Ashby	RFU

Apologies

Ian Boonin	GAD
Ged Murphy	LGA
Ivan Walker	Thompsons Solicitors
Dr Will Davies	ALAMA