

FIREFIGHTERS' PENSION COMMITTEE (FPC)

NOTE ON THE 5TH MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD AT ELAND HOUSE, BRESSENDEN PLACE, LONDON ON 12TH SEPTEMBER 2005

1. A list of attendees is attached.

2 Introduction

- 2.1 The Chairman welcomed members to the meeting and introduced David Hughes from the Government Actuary's Department and Bryn Davies from Union Pension Services who were attending for item 5, and Terry Crossley from ODPM who was now the Divisional Manager for the Local Government and Firefighters' Pensions Schemes Division and was attending as an observer. The Chairman also gave his apologies for the late circulation of Committee papers.

3 Minutes of the 4th meeting of the FPC

- 3.1 The minutes of the 4th meeting were agreed.

4 Matters arising from the minutes of the 4th FPC meeting - FPC(05)10

- 4.1 *'Buying forward service'* - Des Prichard from APFO asked the Committee whether there was any further development for providing members of the FPS, who are approaching retirement and who have been made redundant as a consequence of FRA amalgamations, with the facility to 'buy forward service'. The Chairman made reference to the example in Wales where the combination orders had dealt with the compensation arrangements for employees. He advised Mr Prichard that this was not an issue for the pension scheme and suggested that he raise the issue direct with Clive Norris, the Head of the Fire and Rescue Service Directorate.
- 4.2 *'Protection of Pensionable Pay'* - The issue of 'protection of pensionable pay' in circumstances where the change from rank to role has a detrimental impact on pay was raised. Members were advised that Strathclyde FRA, at the request of Glyn Morgan, had provided ODPM with an email containing an analysis of the expected impact. The analysis suggested that the financial impact of providing protection in the FPS on Fire and Rescue Authorities would be minimal. The Chairman agreed to circulate an extract from the email.
- 4.3 ODPM will arrange for an amendment to the FPS to be drafted.

ACTION: ODPM to circulate Strathclyde's analysis.

ACTION: ODPM to arrange for an amendment providing for the protection of pensionable pay to be brought forward.

5 GAD - Actuarial Assumptions

- 5.1 The Chairman introduced David Hughes who was representing the Government Actuary's Department (GAD) who had been invited to the FPC meeting to discuss the actuarial assumptions for the new pension arrangements.
- 5.2 David Hughes opened by suggesting that, if the discussion regarding actuarial assumptions became too detailed, it might be more helpful to set up a separate meeting. The Chairman agreed.
- 5.3 Bryn Davies, who was advising the FBU, asked whether the demographic and financial assumptions that GAD use were specific to the Fire and Rescue Service or were common to the general population. He suggested that GAD's mortality assumptions were towards the end of the "spectrum of reasonableness". He also drew a comparison of the mortality assumptions that GAD use for both the FPS and LGPS and concluded that GAD assumed that members of the FPS have a higher life expectancy than members of the LGPS.
- 5.4 In response, David Hughes said that ODPM had carried out a survey amongst the Fire and Rescue Service in 2004 and that GAD had amended their assumptions to reflect some of the findings from this survey. He also advised that there is currently a consultation taking place on future financing arrangements for FRS pensions and that as a consequence a new methodology for calculating pension costs will be introduced called SCAPE (Superannuation Contribution Adjusted for Past Experiences). The system tracks actual experience on e.g. mortality/longevity trends in pay, etc so that pension costs for employers can be calculated more accurately.
- 5.5 David Hughes concluded that GAD were quite comfortable that the actuarial assumptions they use are within the parameters of reasonableness and agreed to forward a summary of the data collected from the 2004 survey to ODPM to be circulated to all members.

ACTION: David Hughes to forward a summary of the 2004 data to ODPM for circulation to FPC members.

6 Civil Partnership Act (CPA) - Draft Order - FPC(05)11

- 6.1 The Chairman introduced paper FPC(05)11 covering the draft CPA amendment order. He made reference to a defect in the Scottish devolution legislation which will not permit them to make their own CPA amendments, and therefore the CPA amendment order would have to apply to Scotland, as well as England.
- 6.2 Members were advised that the CPA amendment order needed to come into effect on the 5th December 2005 and therefore would need to be put to Ministers by mid-October.
- 6.3 FPC members were invited to comment on the draft order by 30 September.

ACTION: FPC members invited to comment on the draft CPA amendment order by 30 September 2005.

7 Amendments to the FPS - Draft Order - FPC(05)12

7.1 The Chairman introduced paper FPC(05)12 which covered the draft FPS amendment order. He advised members that because there were certain provisions within the FPS that treat 'widows' and 'widowers' differently there would have to be additional amendments to the FPS in order to ensure equal treatment for widows/widowers and civil partners. As a consequence of this, the amendment order would also have to be submitted to ministers by mid-October in order for the FPS changes to be made in step with the CPA order.

7.2 FPC members were invited to comment on the draft order by 30 September.

7.3 Members were also advised that a Fire Service Circular would be issued shortly that would include both draft orders and an unofficial consolidation of the 1992 Order. This would also be published on the ODPM website.

ACTION: FPC members invited to comment on the draft amendment order by 30 September 2005.

ACTION: ODPM to issue Fire Service Circular FPSC 3/2005.

8 New Pensions Arrangements - Draft Blueprint - FPC(05)13

8.1 The Chairman apologised for the delay in publishing the draft Blueprint and explained that this could not be done until Ministers had issued the response to the consultation. Members were advised that the final Blueprint would need to be completed by January 2006 and that the FPC could now proceed within a compact timetable.

8.2 Members were invited to comment on Parts A, B, E, and G by 5 October so that these could be circulated to the Committee prior to the next meeting on 12 October.

ACTION: FPC members invited to submit written comments on Parts A, B, E and G of the draft Blueprint by 5 October 2005.

8.3 Discussion on Parts C, D and M would be initiated at the meeting on 12 October for substantive discussion on 23 November.

9 Any Other Business

9.1 *Retained Firefighters' Amalgamated Pay* - Derek Chadbon from RFU informed members that some retained firefighters were receiving holiday pay that was amalgamated as part of their pay each month and requested clarification as to whether pension contributions would be paid on this when retained firefighters become eligible for membership of the pension scheme. The Chairman advised that as this formed part of their basic pay and would be included for pension purposes then pension contributions would be paid.

9.2 *Accrual of pensionable service beyond 40/60^{ths}* - Des Prichard asked whether members who had accrued maximum service and who were not able to retire until age 55 years would be able to accrue additional service beyond 40/60^{ths}.

The Chairman confirmed that this would be the case up to a maximum of 35 years' pensionable service, giving a maximum pension of 35/45^{ths}.

10 Dates of future meetings

10.1 The dates of future meetings

- 12 October 2005
- 23 November 2005
- 21 December 2005
- 10 January 2006
- 15 February 2006
- 15 March 2006
- 12 April 2006

***ODPM
September 2005***

5th Meeting of the Firefighters' Pension Scheme

Attendees

Martin Hill (Chairman)	ODPM
Terry Crossley	ODPM
Andy Boorman	ODPM
Jean Archer	ODPM
Anthony Mooney (Secretary)	ODPM
Eunice Heaney	Consultant
Raymond Jennings	LGA
Fred Walker	LGA
Dennis Musgrave	LGA
Jim Preston	SPPA
Karen Bradley	Scottish Executive
Bertie Kennedy	DHSSPSNI
Terry McGonigal	NIFB
Jason Pollard	Welsh Assembly
David Hughes	GAD
Ivan Walker	Thompson's Solicitors
Paul Woolstenholmes	FBU
Bryn Davies	Union Pension Services
Derek Chadbon	RFU
Ian Hayton	CFOA
Mr Glynn Morgan	FOA
Des Prichard	APFO