

FIREFIGHTERS' PENSION COMMITTEE (FPC)

NOTE ON THE 7TH MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD AT ASHDOWN HOUSE, VICTORIA STREET, LONDON SW1 ON 23 NOVEMBER 2005.

1. A list of attendees is attached.

2. Introduction

2.1 The Chairman welcomed everyone to the meeting.

3. Minutes of the 6th meeting of the FPC

3.1 The minutes of the 6th FPC meeting were agreed.

4. Matters Arising from the 6th FPC meeting - FPC(05)17

4.1 *GAD - Actuarial Assumptions:* The Chairman advised that only FOA had asked to attend a meeting with the Government Actuary's Department (GAD) to discuss their actuarial assumptions.

4.2 FPC members were invited to notify ODPM if they wanted to attend this meeting.

ACTION: ODPM to arrange a meeting with GAD to discuss actuarial assumptions.

[Secretaries note: The FBU, ALAMA and Ray Jennings have confirmed their wish to attend].

5. Tax Simplification and Injury Benefits: Changes required at 'A Day' - FPC(05)18

5.1 The Chairman advised members that the paper set out the changes which would need to be made to the FPS in advance of the tax simplification regulations which comes into operation in April 2006. He invited members to comment on paper FPC (05)18.

ACTION: FPC members to comment on FPC (05)18 by 5 December 2005.

6. New Pension Arrangements for Firefighters: Workshop for Practitioners - FPC(05)19

6.1 The Chairman highlighted that one of the concerns raised by administrators at the workshop was that there were different pay systems being used or developed for retained firefighters' and that this would lead to difficulties in defining what elements should be classed as pensionable pay.

6.2 The RFU noted that a number of schemes were being trialled and thought that HR practitioners did not understand the ramifications of these arrangements.

- 6.3 ODPM would discuss with HR/Pension Practitioners, and had already raised with the employers organisation. The FBU and RFU were invited to set out their views. to consider and make proposals on how they could contribute to these discussions. It was agreed that there would need to be further discussions in the Committee.
- 6.4 CFOA advised that they had set up a forum for pension practitioners; The Chair said he would wish to discuss this further outside the meeting.

ACTION: The FBU and RFU to submit views on pensionable pay for RDS members. to ODPM.

- 6.5 The Chairman invited members to comment on FPC (05)19.

ACTION: FPC members to comment on FPC (05)19 by 5 December 2005.

7 Rule A3 - Application to unmarried partners - FPC (05)20

- 7.1 The FBU questioned the need for a 2 year requirement to be included in this provision. The Chairman advised that this was a Treasury requirement for public sector pension scheme as proof of a 'committed long-term relationship' but highlighted that FRAs would still have the discretion to pay an award when the 2 year requirement was not fulfilled.
- 7.2 The Chairman undertook to go back to the Treasury for the justification of the 2 year period.
- 7.3 The Chairman invited members to comment on FPC (05)20.

ACTION: FPC members to comment on FPC (05)20 by 5 December 2005. Chairman to write to Treasury.

8 Rule B4 - Regular Employment - FPC (05)21

- 8.1 The definition of regular employment was discussed. The Chairman thought that guidance was necessary for the capability assessment. He said that Jim Preston had been asked to initiate a document based on draft Police guidance. ODPM would give ALAMA the opportunity to comment before circulating to the Committee.
- 8.2 FBU said that the scheme should take account of skills and loss of earnings. ALAMA considered the guidance critical.

ACTION: Jim Preston to provide ODPM with draft guidance.

9 New Pension Arrangements - Draft Blueprint - FPC (05)22

Part B3 - Payment of pension before normal pension age at employer's request - approved early retirement

- 9.1 The pension scheme would provide the basis on which a member could gain access to payment of a pension: reasons for leaving employment were not a matter for the pension scheme and therefore consent was not relevant.

ACTION: ODPM to remove '*with the scheme member's consent*' from the Blueprint.

Part B4 - Ill Health award.

- 9.2 In response to a question about the level of enhancement, the Chairman said that the enhancement factor of 2% was designed to remove the perverse incentive of the existing arrangements and not to provide cash savings; it was cost neutral.

Part B5 - Deferred Pension

- 9.3 It was agreed that the reference to qualifying injury was irrelevant.

Part B6 - Cancellation of Deferred Award

- 9.4 After discussion the following changes were agreed: to remove '*and does so within 6 months of leaving*' and amend "*deferred award will be cancelled*" to "*may be cancelled*".

Part B7 - Split Pension

- 9.5 The Chairman explained that the purpose of this provision was to provide protection for those whose earnings are reduced for whatever reason.
- 9.6 It was noted that '*or B5*' should be inserted in the second paragraph and it was agreed to amend the first sentence to read ... "*..A7 will on changing roles or rates of pay for the role so that....*"

Part B8 - Cancellation of Split award

- 9.7 No comments

Part B9 - Repayment of aggregate pension contributions

- 9.8 **ACTION:** The FBU to consider and comment on whether their members would want to have a '3 month' rule for a preserved pension compared to '2 years' which is provide under the existing scheme. Other FPC members also invited to comment.

Part B10 - Commutation

- 9.9 The FBU considered that 1:18 commutation would provide a more appropriate value. It would be cost neutral given greater life expectancy.
- 9.10 It was agreed that ODPM would ask for an explanation from GAD for the '£12 for every £1' commutation multiplier. This could be discussed at the actuarial assumptions meeting.

Part B11 -Commutation of Small Pension

9.11 No Comment

Part B12/B13 - Allocation and Limitation of allocated portion of pension

9.12 ODPM was awaiting further advice from Revenue and Customs. There was some discussion of who would benefit post 5 December changes re Civil Partners and the proposals for unmarried partners.

ACTION: Employee representatives invited to consider and comment on whether their members would still want provision for Allocation.

B14 - Pensions Debit Members

9.13 The Chairman pointed out that the italicised comment under B15 should be under B14.

B15 - Deduction of Tax from certain awards

9.14 No Comment

Part C1 - Survivor Pensions

9.15 It was agreed that discretion would be given to the FRA's over the 2 year qualification (see also 8.1-2 above).

9.16 In the second section the reference to Rule A9 should be amended to A7. "Marriage" at the date of decree absolute to be amended to "divorce".

Part C2 - Where survivor much longer

9.17 ODPM to correct blueprint heading from '*Actuarial reductions in survivor pensions*' to '*Survivor much younger than member*'.

Part C3 - Short term increase in survivor pensions

9.18 No comments

Part C4 - Pension debit members

9.19 No comments

Child's pensions

9.20 No comments

Part C6 - Child's pensions limitations

9.21 ODPM to amend the first sentence to read “*age 18 or below*”. The final paragraph to be deleted from “*in excess of £2,291*” and new wording substituted.

Part C7 - Child's award in respect of pension debit member

9.22 No comments.

Part D1 - Death Grant

9.23 The matter of discretion for FRA's was discussed. It was agreed that guidance would be needed regarding policy and criteria.

9.24 After discussion it was agreed that ODPM should consider what scope there was for considering the inclusion of a 'step back' provision in part D1. This would provide the option for death benefits to reflect any period of service on a higher salary in a similar manner to the split pension provision under B7.

Part D2 - Guaranteed payment of pension

9.25 The need for discretion for FRAs was agreed.

10 Any Other Business

10.1 ODPM to allocate time at the 8th meeting of the FPC, on 12th December 2005, for discussing the existing pension scheme.

10.2 Firefighters' Compensation Scheme (FCS) - the FBU raised continuing concern that the provisions of the proposed new Compensation Scheme were not available for consideration in conjunction with the overall discussions on the Blueprint for the new pension scheme.

10.3 The Chairman informed the Committee that proposals for the compensation scheme have been prepared and were currently being considered by Ministers.

10.4 The Chairman also advised members that the compensation arrangements would now have to be introduced in a two stage process. The first to ensure that a separate compensation scheme based on the unamended injury provisions in the FPS and the Grey Book death benefits was in operation by A Day in April 2006, and the second, longer term, to provide a new compensation scheme which reflected the future needs of the FRS.

10.5 ODPM hoped to publish the proposals for the compensation scheme before end of January 2006, subject to Ministers' approval.

11. Dates of next meetings

- 12 December 2005
- 21 December 2005
- 10 January 2006
- 15 February 2006

- 12 April 2006

The meeting planned for 15 March would be re-arranged

ODPM
November 2005

7th Meeting of the Firefighters' Pension Scheme

Attendees

Martin Hill(Chairman)	ODPM
Andy Boorman	ODPM
Jean Archer	ODPM
Maggie Smith	ODPM
Nitin Bhayani (Secretary)	ODPM
Anthony Mooney (Secretary)	ODPM
Eunice Heaney	ODPM (Consultant)
Jim Preston	SPPA
Karen Bradley	Scottish Executive
Bertie Kennedy	DHSSPSNI
Colin Wilkinson	DHSSPSNI
Terry McGonigal	NIFB
Fred Walker	LGA
Dennis Musgrave	LGA
Dr Will Davies	ALAMA
Matt Wrack	FBU
Paul Woolstenholmes	FBU
Dave Bentley	FBU
Ivan Walker	FBU (Thompson's Solicitors)
Derek Chadbon	RFU
Ian Hayton	CFOA
Mr Glynn Morgan	FOA
Len Richards	APFO

Apologies

Jason Pollard	Welsh Assembly
Ray Jennings	LGA
Andy Dark	FBU
Colin McMinn	DHSSPSNI