

FIREFIGHTERS' PENSION COMMITTEE

NOTE OF THE 15th MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 13th JUNE AT ELAND HOUSE, BRESSENDEN PLACE, LONDON

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

1. Introduction

1.1 The Chairman welcomed everyone to the meeting.

2. Minutes of the 13th FPC meeting

2.1 Tam Mitchell (FBU) made reference to paragraph 2.3 and asked the Chairman whether the disturbance element of a RDS firefighter's pay is pensionable under the NFPS. The Chairman confirmed that as it was his understanding that the disturbance payment is calculated at an hourly rate and is part of "standard" pay it would be pensionable.

2.2 The minutes of the 14th meeting were agreed.

3. Matters arising from the 14th FPC meeting - FPC(06)15

Transitional Arrangements

3.1 Please refer to section 4 of these minutes.

Impact of the age discrimination regulations

3.2 Please refer to section 5 of these minutes.

Draft Instructions

3.3 Paul Woolstenholmes (FBU) made reference to paragraph 4.4 of the minutes of the 14th meeting. He advised the Chairman that after discussing the issue of A3 with his FBU colleagues, it was FBU's view that the NFPS should be accessible for all firefighters regardless of their role.

3.4 Fred Walker (LGA) expressed his concern at the FBU's standpoint and explained that the NFPS was designed specifically for firefighters who are exposed to the risks involved when fighting fires and attending emergency incidents and that allowing firefighters who enter the Fire and Rescue Service at more senior roles, and who therefore are not exposed to the same level of risk, would remove the justification for having a separate scheme for firefighters.

3.5 Glyn Morgan (FOA) agreed that access to the NFPS should be restricted to those firefighters who are exposed to risk. He said that as the role map reflected this risk, A3 should be linked to this.

- 3.6 Ivan Walker (Thompsons - FBU) referred to the final paragraph on page 2 of FPC(06)18 - 'Issues raised at the Workshops'. He said that the way it was written suggested that DCLG was proposing that members who get promoted to a role above that of supervisory role would no longer be eligible to be members of the NFPS and would have to take a deferred pension.
- 3.7 In his response, the Chairman said that the NFPS had more generous benefits than the LGPS, including a normal pension age of age 60 rather than age 65. It would be wrong therefore to open the NFPS to those who should more properly be in the LGPS, and might already be members of that scheme. This would also protect the scheme against the cost of paying benefits to those who transferred into the scheme at a late stage in service and who might be on substantially higher levels of pay compared to the £25-30k paid to front-line firefighters and who would gain the benefit of the lower retirement age. For this reason the Department considered that access needs to be restricted to those firefighters whose role at the point of entry to the Fire and Rescue Service includes engaging in firefighting and attendance at other emergency incidents which carry inherent risk of injury and justified a special scheme. Once a firefighter becomes a member of the NFPS they could remain a member. The NFPS was not designed for firefighters' who were recruited at more senior roles who, whilst occasionally required to attend fires/incidents, are far removed from the risk.
- 3.8 The option of members having to leave the NFPS on a deferred pension after promotion to roles above a supervisory role is not being proposed at present, it may be necessary to consider it in the future if a satisfactory solution to A3 cannot be agreed. He said an alternative would be to consider career average pensions and/or an earnings cap on pensionable pay.
- 3.9 The Chairman concluded discussions on A3 by saying that DCLG would draft on the basis that access to the NFPS would be restricted to firefighters who are recruited to the Fire Service at supervisory role and below and that once a firefighter becomes a member they remain in the scheme. A3 would be linked to the role maps.
- 3.10 He recognised that the wording of FPC(06)18 was misleading and it would be amended. [Now amended to read "*Provided the person remains in a relevant firefighter role, with continuity of service, we have taken the view that he/she should be eligible to remain a member of the NFPS. If they move outside a relevant role they would cease to be eligible and would have to take a deferred pension or a transfer value.*"]
- 3.11 It was agreed that Ian Hayton of CFOA would submit a form of words for A3. This would be circulated to members when received by DCLG.

ACTION: Ian Hayton to submit a form of words for Rule A3

4. Transitional Arrangements - FPC(06)16

- 4.1 The Chairman introduced paper FPC(06)16 and explained that this sets out the various issues relating to the introduction of the NFPS and the handling of the options exercise when FPS members will be asked whether they wished to join the new scheme.
- 4.2 *Conversion rates* - The Chairman explained that the options exercise will provide a 3 month window of opportunity for members of the FPS to transfer to the NFPS. During this period those who choose to transfer will receive a preferential conversion rate for any service they transfer over from the old scheme. Any members of the FPS who wish to transfer to the NFPS after the conclusion of the options exercise will be treated on ordinary club transfer terms.
- 4.3 Members were advised that example 1 in paragraph 9 was incorrect and that it should read:-
- “Example 1 : A member aged 50 with 25 years’ service would be entitled under Option 2 To: $25 \times 176.4 = 44.10$ years. Plus 10 years to age 60 would give total pensionable service of 54.10 years.”
- 4.4 The Chairman said that DCLG was currently considering whether to impose a cap on transfers from the FPS of 45/60ths i.e. members would not be able to transfer service from the FPS if at the end their combined service exceeded 45/60ths. Those members who were unable to transfer could opt to take a deferred pension on service accrued in the FPS, which would be payable at age 60, and join the new scheme.
- 4.5 Fred Walker (LGA) highlighted his concern about public perception if there was no limit imposed.
- 4.6 Jim Preston (SPPA) said that consideration should be given to allowing all members of the FPS to transfer their service to the NFPS if they wished. Although a cap of 45/60ths might be desirable for presentational reasons.
- 4.7 The Chairman asked members if they had any other comments to make on paragraphs 1 -13 before DCLG consulted with HM Treasury. There were no further comments made.
- 4.8 Accordingly DCLG would give further consideration to imposing a cap of 45/60ths for members who transfer from the FPS to the NFPS, or allowing part transfers where a portion of service accrued under the FPS could be transferred into the NFPS and any remainder would become deferred. It was recognised that part transfers could create problems for pension administrators.
- 4.9 *Contractual retirement age* - The Chairman highlighted that the introduction of the NFPS may raise issues relating to a firefighter’s contractual retirement age. He said that the FPS and NFPS have different normal retirement ages and therefore employers may need to

revise the contractual retirement ages for FPS members who transfer from the FPS to the NFPS.

- 4.10 *Entrants to the FRS after 6 April 2006* - The Chairman confirmed that firefighters who have been recruited since April 2006 and who wish to transfer a pension into the NFPS will be allowed to do so. Where there are time limits for transferring pensions it was understood that 'sending schemes' should have the discretion to extend the time limits; if not, the transferred pension would have to be held in the FPS.
- 4.11 *Death benefits within the bridging period* - The Chairman advised members that in cases where a serving FPS member dies leaving a spouse/civil partner before the start of the options exercise, survivor benefits will be based on whichever pension scheme provides the more favourable benefits. Where a serving FPS member, who had completed the 'Nomination of Dependent Partner for Survivor's Pension' form,, dies leaving a partner before the start of the options exercise, it will be assumed that the member had transferred to the NFPS and, therefore, survivor benefits would be based on the NFPS. If a member who completed the form did not subsequently elect to transfer, the nomination would be regarded as having expired.
- 4.12 Jim Preston (SPPA) suggested that it was reasonable to allow a 3 month period for the spouse/civil partner to decide which package of benefits to accept.
- 4.13 The Chairman agreed to provide the surviving spouse/civil partner with the discretion to choose which scheme benefits to accept and to allow a 3 month period in which to make the decision.
- 4.14 *RDS firefighter* - Derek Chadbon of RFU asked the Chairman what consideration had been given to RDS firefighters who have already been in service prior to April 2006 and who die before the start of the options exercise. The Chairman confirmed that in these cases it will be assumed that the RDS firefighter would have joined the NFPS and the appropriate benefits paid. He said that this will need to be clarified in the paper.

ACTION: DCLG to clarify the position of a RDS firefighter, already in service prior to April 2006, who dies before the options exercise.

- 4.15 Derek Chadbon also asked how long RDS firefighters would be given to repay pension contributions for service accrued from April 2006 up to the start of the options exercise.
- 4.16 The Chairman said that if the options exercise is held as planned from October to December 2006 then it would be reasonable to expect members to repay their contributions by the end of the March 2007. If however, the options exercise is held from January to March 2007 then members should have until the end of March 2008 to repay their pension contributions.
- 4.17 Members were also advised that RDS firefighters who do not take the window of opportunity provided by the options exercise to include the service accrued from April 2006 as pensionable service, will have to

pay both employee and employer contributions if they wish to include this period at a later date.

- 4.18 Reference was made to the RDS Employment Tribunal claim. The Chairman explained that if RDS firefighters are successful in gaining access to the FPS, those RDS firefighters who have joined the NFPS will have the option of transferring any service accrued into the FPS.
- 4.19 Tam Mitchell (FBU) highlighted his concerns that it was usual practice for FRAs to view RDS firefighters as less of a priority compared to regular firefighters. He said that he was concerned that FRAs may leave RDS firefighters to the last when implementing the transitional arrangements.
- 4.20 The Chairman said that it was DCLG's intention that FRAs deal with regular and RDS firefighters at the same time. He explained that DCLG expects FRAs to be prepared to complete the transitional arrangements and that the more favourable transfer factors provided for in option 2 will have a 3 month time-limit. The Chairman agreed to discuss FRA preparedness for implementing the transitional arrangements with Ian Hayton of CFOA and report back to the FPC at the next meeting.

ACTION: DCLG to discuss FRA preparedness with Ian Hayton and report back to FPC at next meeting.

- 4.21 *Optants Out* - Jim Preston (SPPA) told the Chairman that after the conclusion of the options exercise, all FPS members should have the right to transfer into the NFPS on Club transfer terms. The Chairman confirmed that this would be DCLG's intention.

5. Impact of Age Discrimination regulations - FPC(06)17

- 5.1 Ivan Walker of Thompsons introduced paper FPC(06)17.
- 5.2 He had looked through all the age related provisions of the FPS but could not guarantee he had identified all issues. The only provision that he could identify as discriminatory and was not exempted under the DTI draft order was Rule C9 'Effect of remarriage'. He explained that it could be argued that it is younger surviving spouses/civil partners who are more likely to remarry/form a subsequent civil partnership, and therefore ceasing a spouse's/civil partner's pension upon remarriage/formation of a subsequent civil partnership could be viewed as indirect discrimination. This practice would not be unlawful if it could be justified as a legitimate goal, although he could not see how this could be the case. He asked DCLG to consider removing the provision.
- 5.3 The Chairman said that DCLG would consider and would ask GAD to assess the cost implications associated with removing Rule C9.

ACTION: DCLG to ask GAD to assess the cost implications associated with removing rule C9 from the FPS

5.4 The Chairman invited members to raise any other points relating to age discrimination. There were no further points raised.

6. Issues raised at Workshops - FPS(06)18

6.1 The Chairman invited members to raise any points on paper FPC(06)18.

6.2 Ivan Walker referred to page 9 'Two-tier ill-health retirement in the existing scheme'. He said that the FBU agreed with the points raised by Will Davies in his letter to DCLG dated 12th May 2006 (letter attached at Annex B to the minutes of the 14th meeting).

7. Any Other Business

7.1 Will Davies (ALAMA) asked the Chairman whether there were any further developments regarding the Firefighters' Compensation Scheme (FCS) consultation paper. The Chairman explained that the FCS consultation paper had been written 12 months ago and as a result of changes since then it has been necessary to rewrite substantial sections of the paper. When complete the revised consultation paper would have to be re-submitted to Ministers. He was unable to anticipate when it would be ready for publication.

8. Dates of Future Meetings

19 July 2006

16 August 2006

20 September 2006

18 October 2006

21 November 2006

***DCLG
June 2006***

15th Meeting of the Firefighters' Pension Committee

Attendees

Martin Hill(Chairman)	DCLG
Jean Archer	DCLG
Anthony Mooney (Secretary)	DCLG
Eunice Heaney	DCLG (Consultant)
Fred Walker	LGA
Jim Preston	SPPA
Bertie Kennedy	DHSSPSNI
Jason Pollard	Welsh Assembly
Terry McGonigal	NIFS
Dr Will Davies	ALAMA
Paul Woolstenholmes	FBU
Tam Mitchell	FBU
Ivan Walker	FBU(Thompson's Solicitors)
Derek Chadbon	RFU
David Hosking	RFU
Ian Hayton	CFOA
Chris Large	APFO
Glyn Morgan	FOA

Apologies

Andy Boorman	DCLG
Karen Bradley	SE
Ray Jennings	LGA
Matt Wrack	FBU
Andy Dark	FBU