

FIREFIGHTERS' PENSION COMMITTEE

NOTE OF THE 48th MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 24th APRIL 2013 AT ELAND HOUSE, BRESSENDEN 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 47th meeting

2.1 The Chair highlighted the track change amendments received from the earlier circulated note and requested Des Prichard's email on the minimum fitness level for new entrant firefighters be track changed into the note.

ACTION: Des Prichard to send through his amendments to the note of the meeting in track changes before the note is finalised.

2.2 The note of the 47th meeting was agreed, subject to an amendment from Des Prichard.

3. Presentation from the Pensions Regulator

3.1 The Chair introduced Bob Scruton and Robert Plumb, thanking them for stepping in to do a presentation at short notice on the Pensions Regulator's role with the public service pension schemes from April 2015.

3.2 Bob Scruton explained that the Pensions Regulator's regulatory approach under the Public Service Pensions Act would be to educate, enable and enforce – with the emphasis on education and enabling. Their regulatory oversight would cover governance and administration – not funding.

3.3 Bob Scruton explained that between now and 2015 they would be looking to gain a better understanding of the various schemes and their individual issues and that they would soon begin producing their regulatory materials on approach and policy; Code of Practice; guidance and support website.

3.4 Ivan Walker questioned how confidentiality would work, specifically whether information gained by the FBU through a pensions board could be used. Bob Scruton responded by explaining that confidentiality and conflict of interests would be a matter to be dealt with in scheme regulations.

3.5 Des Prichard questioned whether the Pensions Regulator would be looking to see if a scheme was 'fit for purpose'. Bob Scruton explained that the Pensions Regulator's role is determined around pensions regulation and would only step in if a scheme breached those regulations. Bob Scruton clarified that they would talk to DCLG as the scheme develops; challenging them where necessary to ensure regulations allowed them to do what they intended. The Chair pointed out that the Regulator was interested in how a scheme is delivered not how it was constructed.

- 3.6 Trevor Peel questioned how the Regulator would cope with a national scheme that was locally regulated. Bob Scruton explained that they were more interested in how a local board was defined; how it was populated with the right knowledge base; how it was delivered and how it kept records.
- 3.7 The Chair asked whether the Pensions Regulator would supply any necessary training for schemes. Bob Scruton explained that there would be some e-learning and that there was a useful tool kit on their website but otherwise schemes would need to facilitate their own training.
- 3.8 The Chair also asked whether the Regulator would be interested in the older schemes or just schemes from 2015. Bob Scruton explained that the Public Service Pensions Act directed them to the new schemes but older schemes would naturally tag on.
- 3.9 Terry Crossley questioned whether the Pensions Regulator would be open to collaborative working with other bodies on the Code of Practice. Bob Scruton confirmed that the TPR would be required to produce the Code, but they were open to others and would include other work where helpful.
- 3.10 Terry Crossley also enquired on the role of councillors on the new boards. Bob Scruton explained that the Act was silent on board representation apart from the make up of 50/50. The starting point will be the new scheme regulations but he imagined that it was quite normal for councillors to represent bodies.
- 3.11 The Chair advised members that the 1st meeting of the group looking at the detail of governance will be held on 14th May.
- 3.12 The Chair thanked Bob Scruton and Robert Plumb for their time and presentation and advised them that they were likely to ask them back in the future to request further detail on the forthcoming Code of Practice.

4. Employee contribution increases

Response to consultation

- 4.1 The Chair informed the Committee that the Department had issued a Government Response which concluded that contribution increases would proceed on the basis originally consulted upon:
<https://www.gov.uk/government/consultations/firefighters-pension-scheme-increases-to-employee-contribution-rates-from-1-april-2013>

Opt out data

- 4.2 Sharon Mayers provided an update on firefighters that have chosen to opt out of, or not to join their pension scheme between April 2012 and March 2013. The key points were:

Opt outs

- A total of 189 firefighters have opted out of their pension scheme: 56 from the 1992 scheme; 90 regular firefighters and 43 retained firefighters from the 2006 scheme.
- Based only on the pay bill information for those authorities that have provided a return, the number of opt outs to date equates to 0.5% of the total pay bill: 0.3% of the 1992 scheme pay bill and 1.6% of the 2006 scheme bill.
- Based on membership data for those authorities that have provided a return, 0.6% of regular and retained firefighters have opted out of their pension scheme: 0.3% from the 1992 scheme, 1.6% of regular firefighters and 0.6% of retained firefighters from the 2006 scheme.

Non Joiners

- A total of 155 firefighters have chosen not to join the 2006 scheme: 38 regular firefighters and 117 retained firefighters.
- Of the 38 regular firefighters:
 - 2 choose not to join after being automatically re-enrolled.
 - 13 were provided with temporary contracts only – with some authorities confirming these firefighters were already members of the scheme in a permanent capacity. 2 of these firefighters were aged 50 or over.
 - A further 7 were aged 50 or over – which suggests these firefighters had subsequently retired with a pension and been re-employed.

Joiners

- A total of 151 regular firefighters and 784 retained firefighters joined the scheme between May 2012 and March 2013. Joiner data was not collected for April.
- Of these joiners, authorities have confirmed that 12 regular firefighters and 90 retained firefighters were automatically re-enrolled into the scheme.

- 4.3 Sean Starbuck commented that it was important to look at non-joiners percentage wise compared with those who joined otherwise it wouldn't give an accurate picture. The Chair agreed but highlighted that it was important to identify the type of firefighter not joining the scheme, as you wouldn't expect temporary workers or those over aged 50 to join; with an important group to assess being the 18-30 group. In response to a question raised by Ivan Walker, Sharon Mayers confirmed that those firefighters who had been enrolled in the pension scheme and subsequently opted out within three months, were included in both the (initial) joiners figures and non-joiner information.

- 4.4 Des Prichard raised a question on the amount of data returns DCLG were receiving. Sharon Mayers responded that the Department normally received approximately 41/42 returns per month although some never responded. The number of returns received for March was 36. Sharon confirmed that the number of opt outs based on levels of membership or paybill information, were based on a weighted average and excluded data where authorities had not provided a return. Sharon Mayers advised the Committee that a more detailed report would be provided once further returns were provided by authorities.

ACTION: Sharon Mayers to send through a fuller report on level of opt outs for 2012-13.

- 4.5 Tristan Ashby asked if further detail could be provided on the number of retained firefighters that had opted out of the scheme to show those that were already regular members of the scheme. Sharon Mayers confirmed that this data was not currently collected from authorities, although consideration would be given as to whether authorities should be asked to provide this. However, Sharon pointed out that some authorities struggled to provide detailed information on opt outs, and the more information asked for may prevent authorities from providing returns.

- 4.6 Sharon Mayers confirmed that authorities had been asked to provide details, from 1 April 2013, of the ethnic group of firefighters opting out of the scheme.

5. NPA review

- 5.1 The Chair advised that there was not anything new to update the Committee from the previous meeting. Ministers were still considering the Report and DCLG would publish a response in due course.

6. 2015 Scheme Design

- 6.1 The Chair informed the Committee that the 1st meeting of the 2015 Scheme working group met last week on 16 April. Items discussed included:

- Scheme Membership
- Definition of pensionable pay
- Ill health benefits
- Death in service benefits
- Final salary link
- Revaluation
- Contribution levels
- Allocation of pension benefits

- 6.2 The Chair advised the Committee the next meeting was scheduled for 14 May.

- 6.3 Des Prichard enquired about members with transitional protection eligibility for the 2015 Scheme and whether they would need to wait till that tapered protection ended before transferring. The Chair replied that members would not have a choice about which pension scheme to belong to, and membership of the existing or new pension scheme would be determined by the transitional and tapered protections.

- 6.4 In terms of who should have membership of the 2015 scheme, the Chair confirmed the intention was to reproduce what was in the 2006 scheme where possible, although the opportunity would be taken to review parts that didn't work so well. The current intention was for membership of the scheme to be open to those who were recruited at firefighter, crew manager or watch manager level. The Chair was aware that this might have implications for those firefighters that transferred from high positions in the EU and this would be considered in further detail.
- 6.5 Sean Starbuck commented that the scheme should be available for everyone including control room staff. The Chair responded that you would need to define what everyone one was and the scheme was designed for operational firefighters.
- 6.6 Des Prichard commented on the importance of ensuring the scheme extended to chief fire officers. The Chair replied that those CFOs who were recruited at an operational level would continue to have access to the scheme once they reached CFO level, provided that membership had been continuous.

7. RDS Settlement

- 7.1 The Chair advised that officials were still working through the issues in the scheme design.
- 7.2 Sean Starbuck raised concerns over the delay, the Chair reassured the Committee that this was not on the backburner and that the remaining issues were being resolved, however all issues needed to be resolved before proceeding.

8. Amendment Order

- 8.1 The Chair advised that officials were still working through the issues in the Amendment Order.
- 8.2 Des Prichard questioned why the results of the consultation had not been published after such a long delay. The Chair responded that the original intention had always been to publish the result of the consultation alongside the Government Response, however due to the continued amount of technical changes to the Order this had not been possible.

9. Budget 2013

- 9.1 The Chair advised the Committee that Budget 2013 made two announcements which will have an impact in respect of the firefighters' pension scheme:
- "Introduce the single-tier State pension in 2016-17 to provide clarity and confidence to those saving for their retirement. This will end contracting out of the State Second Pension, so that everyone will pay the same rate of NICs and build up access to the same single-tier State Pension".

- “Strengthen the spending framework by introducing a firm limit on a significant proportion of AME, including areas of welfare expenditure. This we be designed in a way that allows the automatic stabilisers to operate to support the economy”.

Single-tier State Pension

- 9.2 The Government had previously announced the intention to introduce a single-tier State Pension from 2017 at the earliest. Budget 2013 announced that this would now be introduced from 2016. The single-tier pension will replace the State Second Pension and end contracting-out.
- 9.3 The end of contracting-out will have cost implications on NI contributions for employers and employees.

Limiting AME

- 9.4 Annually Managed Expenditure (AME) is used to top-up the difference between scheme income and expenditure in the public service pension schemes and is what makes up the Firefighters’ Pension Scheme top-up grant to fire and rescue authorities.
- 9.5 A limit on AME would mean that any significant increase in pension scheme expenditure may need to be met from Department Expenditure Limits (DEL).
- 9.6 The Chair advised that discussions were continuing as part of the 2015 Spending Round and he would update the Committee in due course.

10. Any Other Business

- 10.1 No additional business raised.

11. Dates of future meetings

17 July 2013 (10am)
16 October 2013 (10am)
22 January 2014 (10am)
22 April 2014 (10am)
24 July 2014 (10am)

***Department for Communities and Local Government
June 2013***

Attendees

Andrew Cornelius (Chair)	DCLG
Sharon Mayers	DCLG
Jason Cotton	DCLG
Cllr Maurice Heaster	LGA
Jackie Wood	LGA
Rich Haines	GAD
Steve Lewis	GAD
Andrew Bayne	Kent FRS
Trevor Peel	Leicestershire FRS
Jenny Coltman	SPPA
Claire McGow	SPPA
Sean Starbuck	FBU
Ivan Walker	Thompson's
Glyn Morgan	FOA
Tristan Ashby	RFU
Des Prichard	APFO
Terry Crossley	The Welsh Assembly
Bob Scruton	The Pensions Regulator
Robert Plumb	The Pensions Regulator

Apologies

Steve Errington	APFO
Alyson Hall	GMFRS
Kingsley Rees	Welsh Assembly
Lorna Smith	Scottish Government
Ged Murphy	LGA
Dr Will Davies	ALAMA
James Dalglish	LGA
Ian Hayton	CFOA