

FIREFIGHTERS' PENSION COMMITTEE

NOTE OF THE 22nd MEETING OF THE FIREFIGHTERS' PENSION COMMITTEE HELD ON 21st MARCH 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. He introduced Philip Brown, who had taken the place of Maggie Smith in the Firefighters' Pension Team at DCLG, and David Williams of LGA, who was standing in for Fred Walker.

2. Minutes of the 21st FPC meeting

- 2.1 The Chairman advised members that Will Davies of ALAMA had asked for a comment to be inserted after paragraph 3.8 of the minutes. The comment was :

"Will Davies of ALAMA reaffirmed the points made on the issue in the revised minute 6.1 of the 19th meeting as documented in his letter which had been circulated before the meeting. He added that a circulation of an explanatory note indicating the scope and limitations of DCLG Guidance in this context, would be helpful."

- 2.2 Subject to the insertion of Will Davies' comment, the minutes of the 21st FPC meeting were agreed.

3. Matters arising from the 21st FPC meeting - FPC(07)4

- 3.1 The Chairman introduced committee paper FPC(07)4.

NFPS Order

- 3.2 The Chairman said that he had been advised by DCLG's lawyer that the corrected version of the NFPS Order would be published on the OPSI website in the next few days. When the correct version was published DCLG would circulate a note with a link to the OPSI website. Several other changes were needed to the Order and had been identified during the Options exercise. These were not substantive and would be included in an amendment Order in due course.

Ill-Health related issues

- 3.3 The Chairman said that both he and Ian Hayton of CFOA had raised this issue with the CFOA Task and Finish Group (TFG). He hoped to be able to report developments at the next meeting.

Transferring pension debit from FPS to NFPS

- 3.4 Along with the factors for purchasing additional benefits, DCLG were still waiting for GAD to provide the remaining sets of factors for the NFPS. These factors were not vital for the Options exercise.

Options Exercise

- 3.5 The Chairman said that all authorities had now circulated documents relating to the options exercise, although it was disappointing that some had failed to do so promptly. He asked members if they had any feedback regarding the progression of the Options exercise. Derek Chadbon said that, as expected, the RFU were receiving an influx of queries towards the end of the exercise.
- 3.6 Tam Mitchell (FBU) said that they were receiving queries from retained firefighters who were reluctant to make a decision regarding joining the NFPS until the outcome of the Employment Tribunal claim was known, as they were concerned that joining the NFPS would affect their right to join the FPS if the claim was successful. The Chairman said that it had been made clear in the relevant documentation that joining the NFPS would not prejudice a retained firefighter's position and he repeated the assurance that if a retained firefighter decided to join the NFPS, the decision would not prejudice him if subsequently retained firefighters' gained membership of the FPS.
- 3.7 The Chairman said DCLG had received queries on whether it was necessary for firefighters to complete and return the options forms even when they were choosing not to transfer from the FPS to the NFPS. It was DCLG's view that all firefighters should complete and return the forms so that member records would show that the member had been given the opportunity to transfer and had declined. This information might prove useful in the future if a member, or his/her dependants, claimed that he/she had never been given the option to transfer to the NFPS.

Guidance on Injury Awards

- 3.8 The Chairman reminded members that the issue was whether the Commentary was accurate and sufficiently clear to assist administrators to deal with cases where DWP benefits were paid, including those where benefits were apportioned between qualifying and non-qualifying injuries. He had received no comments.
- 3.9 Dean Mills (FBU) said that they had no issue with the guidance on this point although they would be writing to the Chairman in due course with questions about other aspects of this part of the Commentary.

4. Split Pensions - FPC(07)5

- 4.1 The Chairman said that paper FPC(07)6 had been circulated for discussion and that inclusion of a Split Pension provision within the FPS would give protection to members whose pensionable pay

reduced for whatever reason e.g. the removal of the flexible duty allowance if the member transferred to a post which did not attract the allowance. The Split Pension provision in the NFPS could be used in the FPS, subject to a modification to take account of double accrual that would provide for any pensions to accrue uniformly over the period of service. The Split Pension would work by calculating two (or more) pensions at the time of retirement. To calculate the first pension the average pensionable pay in payment at the time of the first step down would be increased in line with pension increases up to the time of retirement. Any subsequent step downs would be calculated in the same way. There would be a final pension calculation for the period of service after the last step down and up to retirement. These pensions would be added together.

- 4.2 Jim Preston (SPPA) made reference to Pension Increases and asked what would happen if a member was to retire on a split pension prior to reaching 55 years of age. The Chairman said that the final pension calculated using the split pension provision would be Pension Increased once the member reached 55 years of age.
- 4.3 Glyn Morgan (FOA) said that he agreed with the principle of the Split Pension provision and that it satisfied what was required to protect members. He asked whether there would be any criteria/restriction to its application. The Chairman confirmed that the Split Pension provision could be applied in any circumstances where there had been a permanent reduction in pensionable pay.
- 4.4 The Chairman concluded the discussion by saying that if FPC were happy for the provision to be included in the FPS then he would include it in the next round of amendments. If the next round of amendments was not made in the next three months, then DCLG would consider bringing the Split Pension amendment forward separately. It might also be necessary to consider giving the provision retrospective effect to ensure that members who had been affected by the changes over the last few years, and had not yet retired, could take advantage of it.

5. Guidance for IQMPs - FPC(07)6

- 5.1 The Chairman introduced paper FPC(07)6 which included draft guidance for IQMPs. He said that the revised draft guidance had been discussed with BUPA, who provide medical appeal board services for the firefighters' pension schemes and who had invaluable medical experience from managing FRS ill-health appeals. Thereafter ALAMA had been consulted for input from medical advisers. Their comments have been reflected in the latest version. He said that the guidance set out the duties of the IQMP and identified their legal responsibilities.
- 5.2 Dean Mills (FBU) advised the Chairman that Ivan Walker had been dealing with this on behalf of the FBU and would be submitting substantive comments.
- 5.3 The Chairman invited members to submit written comments on the guidance by 22nd April 2007. If there were no significant issues it

would be circulated to FRAs and published on the DCLG website. If there were significant issues DCLG would bring it back to the FPC.

- 5.4 David Williams (LGA) said that after an initial look at the guidance it seems to be clear and succinct. He confirmed that LGA would submit written comments if necessary.

ACTION: Members invited to submit written comments on the IQMP Guidance by 22nd April 2007

6. Any Other Business

Tax issues with backdating membership

- 6.1 Tam Mitchell (FBU) made reference to the backdating of retained membership in the NFPS to April 2006 and asked whether the FRAs would be dealing with any issues relating to tax or would the firefighter be expected to sort it out with HM Revenue and Customs. The Chairman said that it was DCLG's view that the FRA should deal with these issues. He continued by saying that members would have 6 months to pay the outstanding balance on pension contributions and that they should be treated as normal pension contributions for the purposes of tax and national insurance etc.. Payment of outstanding pension contributions in the financial year 2007/08 should not have any effect on the member as there is no limit on tax relief on pension contributions.
- 6.2 Tam Mitchell also made reference to the large number of elements of pay that make up a retained members' salary and asked the Chairman whether the payslips of retained firefighters would identify pensionable and non-pensionable pay. The Chairman said that he would expect payslips to identify both types of pay and, if this was not the case, then employee representatives should be encouraging FRAs to do so.
- 6.3 Andy Boorman (DCLG) suggested that it may be advisable initially for members to check their pay to ensure that the 8.5% pension contribution rate is being deducted only from those elements of pay that are pensionable.

Continual Professional Development (CPD) Allowance

- 6.4 Derek Chadbon (RFU) asked the Chairman for an update on the CPD issue. The Chairman advised members that the issue had been referred to DCLG lawyers so that they can provide advice on what the legal position would be before Ministers were asked to decide whether the CPD allowance should be pensionable. He said that any outcome and subsequent timetable would depend on the response from Ministers.

7. Dates of Future Meetings

20 June 2007
19 September 2007
20 November 2007
20 February 2008

***DCLG
March 2007***

Attendees

| | |
|----------------------------|----------|
| Martin Hill (Chairman) | DCLG |
| Andy Boorman | DCLG |
| Nitin Bhayani | DCLG |
| Philip Brown | DCLG |
| Anthony Mooney (Secretary) | DCLG |
| David Williams | LGA |
| Jim Preston | SPPA |
| Ray Jennings | LGA |
| Bertie Kennedy | DHSSPSNI |
| Tam Mitchell | FBU |
| Dean Mills | FBU |
| Derek Chadbon | RFU |
| Chris Large | APFO |
| Glyn Morgan | FOA |

Apologies

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| Fred Walker | LGA |
| Eunice Heaney | Consultant |
| Terry McGonigal | NIFS |
| Kate Williamson | Scottish Executive |
| Ray Jennings | LGA |
| Jason Pollard | Welsh Assembly |
| Julia Letton | Welsh Assembly |
| Matt Wrack | FBU |
| Andy Dark | FBU |
| Ivan Walker | FBU (Thompson's Solicitors) |
| Ian Hayton | CFOA |
| Dr Will Davies | ALAMA |