



Firefighter Pension Schemes Local Pension Board Minutes

| | |
|----------------------------|--|
| Date of meeting | Monday 31st October 2016 |
| Time of meeting | 11.00am |
| Location of meeting | Room 33, Kelvedon Park |

Attendees:

Employer representatives:

David Bill, Director of Prevention, Protection and Response (Chair)
Glenn McGuinness, Assistant Director of Finance
Sally Froment, HR Business Partner

Employee representatives:

Graham Byford, RFU
Nigel Dilley, FOA
Martin Leach, FBU

Invited participants:

James Durrant, Pensions Manager
David Golding, Team Manager, Police and Fire Pension team/Pensioner payroll, Essex Pension Fund
Matt Mott, Communications Manager, Essex Pension Fund
Janet Farrell, Pensions Support Officer

| | Agenda item | Action |
|---|--|--------|
| 1 | Welcome, introductions and apologies Dave welcomed all to the meeting. There were no apologies received and the meeting was declared as quorate. | |
| 2 | Conflict of interest declarations No new conflicts of interest were declared. | |
| 3 | Minutes of last meeting Dave ran through the minutes of the last meeting and the action points. There were no points of accuracy made and the board agreed that | |

| | Agenda item | Action |
|---|---|---|
| | <p>the minutes were correct.</p> <p>The previous action regarding training was an agenda item for this meeting.</p> <p>SLA addendum had not been completed and was to be carried forward to the next meeting.</p> | <p>SLA addendum to be added to next agenda.</p> |
| 4 | <p>Update from the Scheme Advisory Board</p> <p>James presented the update from the Scheme Advisory Board.</p> <p>The Fire Pension Scheme Advisory Board is now set up and has 7 employer representatives and 7 employee representatives and an independent Chairman.</p> <p>Their work plan is to support and advise Local Pension Boards, take a lead on communications, ensure cost effectiveness of scheme administration, to advise on best practice and look to benchmark administration.</p> <p>The board asked what the Scheme Advisory Board is currently looking at. At present, they have just set up and trying to decide what to look at first. Benchmarking may be the first thing they decide to look at.</p> <p>The first job of the Local Government Pension Scheme Advisory Board was to send various surveys to all funds, so that they can get a good picture of what is happening around the country and this may be the case with the Fire Scheme Advisory Board.</p> <p>Funding has been agreed to extend the National Firefighter Pensions Advisor, Clair Alcock's role. The board was pleased as they recognise that she is central to a lot of the good work that is going on.</p> | |
| 5 | <p>Update from the Regional Pension group meetings</p> <p>James presented to the board the main points of what the Regional Group had been discussing, that were not covered as a separate agenda item in this meeting.</p> <p>The minutes of the meetings of 17 May 2016 and 25 August 2016 were circulated prior to the meeting.</p> <p>The Regional group had been discussing the GAD v Milne deceased cases. A consensus was that Authorities should make payment to the deceased's personal representatives, even where</p> | |

| | Agenda item | Action |
|---|--|--|
| | <p>all payments had been made to the estate and the estate had been wound up. This is because they remain the representatives even after the estate has been wound up.</p> <p>Glenn added that Essex Fire Authority had paid £2m in March 2016 in respect of GAD vs Milne cases. The was reflected in the accounts which have been checked and audited. A separate grant from Government had been given to Essex Fire Authority to pay the amounts to individuals.</p> <p>The Regional Group had also discussed limiting the minimum amount that an individual can pay toward purchasing added pension in the 2015 scheme. The scheme rules state that it is at the discretion of the Scheme manager to impose a limit or not. London has set their minimum contribution of a £1,000 one-off payment, £100 per month or 4% of pay whichever is the lower. The reason why London FRA had imposed a limit was the risk of having to administer many added pension accounts that held nominal amounts of money.</p> <p>The board asked if ECFRS were advertising Purchase of Added Pension. ECFRS are not advertising it especially but it is mentioned in scheme guides and scheme members can obtain a quote from Essex Pension Fund. Neither ECFRS nor Essex Pension Fund are currently inundated with requests.</p> <p>The board asked whether purchasing additional pension was worth it. Essex Pension Fund replied it can be, particularly if someone wants to retire early, they could effectively buy-out the early retirement reduction. Some people do it as a secure way of investing if they come into some money e.g. inheritance.</p> <p>The Board asked James to raise this at the next regional meeting to see if other FRAs have set a limit. The Chair recommended keeping a watching brief on development and perhaps to recommend to the Scheme Manager sets a limit in the future once the 2015 scheme has had more time to bed in and members are more aware of the options.</p> | <p>James to raise at the next regional meeting to see if other FRAs have set a limit for purchasing added pension.</p> |
| 6 | <p>Update on Early Exits</p> <p>James presented on Early Exits and talked through the background, the timeline and a few made-up examples of how the early retirement option worked within rules of both the 1992 and 2006 scheme.</p> <p>43 out of a possible 72 Firefighter Pension Scheme 1992 members</p> | |

| | Agenda item | Action |
|---|--|--------|
| | <p>have accepted the offer of early retirement. None of the 2 Firefighter Pension Scheme 2006 members accepted the offer of early retirement.</p> <p>Of the 43 who accepted, 34 individuals retired on 30th September 2016. The remaining 9 individuals retire from October 2016 through to March 2017.</p> <p>The pros and cons of Employee briefings were discussed, as the briefing mainly discussed the FAQ's which were already made available and personal questions could not be answered straight away. Certainly by the last few briefings the answers to any questions had already been asked and answered and any personal questions were taken away and responded to later. Dave recalled that the briefings were set up to assist with communications and support individuals who had never previously had to consider leaving before their normal retirement date.</p> <p>Dave stated he had heard of only one complaint which the Head of HR looking at, which despite the amount of work involved, was very positive.</p> <p>Glenn stated that there is no provision made in the accounts to do a further exercise in the short to medium term.</p> <p>A question was raised as to why 30th September 2016 chosen and was not flexible. At the time of starting the process in early summer, there was concern that the exit payment cap would soon be introduced which would restrict ECFRS' ability and flexibility to offer early retirement. However, in the end there was not a problem as the Exit payment regulations have not been laid in parliament. They will probably be laid in 2017. The board discussed the future difficulties for the public sector when trying to make savings from workforce as the exit payment regulations will restrict what can be done.</p> | |
| 7 | <p>Day Crew Pensions – Norman v Cheshire</p> <p>James updated the board on the Norman vs Cheshire judgment and the implications for ECFRS.</p> <p>There is a consultation with the representative bodies which the Director for Transformation is leading on in order to make certain elements of pay from the day-crew duty system pensionable.</p> <p>James is also undertaking a review of additional responsibility allowances against the Norman vs Cheshire principles for</p> | |

| | Agenda item | Action |
|---|---|--|
| | <p>pensionable pay in the 1992 scheme. To be pensionable in the 1992 scheme a payment must be:-</p> <ul style="list-style-type: none"> • Regular, not one-off or episodic; • For work done (or to be done) under the contract of employment; • Payable at a rate applicable to the role (i.e. calculated as a proportion of basic pay) • Paid in the ordinary course of the firefighter fulfilling his duties under his contract of employment • For obligatory duties not ones accepted voluntarily and • Must have something of a permanent nature rather than being a one-off event. <p>The board expressed a concern that the day-crew consultation is taking a long time and questioned whether this is something that the board should chase up. Dave will contact James after the meeting to discuss.</p> | <p>Dave to meet and discuss with James</p> |
| 8 | <p>End of Year returns & Annual benefit statements</p> <p>There were strict deadlines this year for all public service pension schemes to send their Annual Benefit Statements.</p> <p>In order for Essex Pension Fund to produce the statements, it was important that ECFRS provided them with the relevant information on time. ECFRS sent all scheme member data (including retained scheme data) such as contributions and pay, financial data for modified scheme joiners and Additional Pension Benefit (APB) data such as contributions relating to CPD and Temporary Promotion that began after 1 July 2013. The information was received by Essex Pension Fund within the agreed timescales. As a result the Annual Benefit Statements were sent on time.</p> <p>The matter of having no lump sum on the statements was raised. Although this is not a legal requirement for lump sum to be on the Annual Benefit Statement, it is recognised that this is an important feature of the pension package. It was felt that David Golding's letter regarding the lump sum which was enclosed with the annual benefit statement summed up the position well.</p> <p>Essex Pension Fund's software provider did not take this into account when building the Annual Benefit Statement process. As a result of this, the charges for the design and production of the Annual Benefit Statement accompanying notes and also the postage costs have been waived and ECFRS will not have to pay them.</p> | |

| Agenda item | Action |
|---|--------|
| <p>Essex Pension Fund had to use manual workarounds to get the information out. Other Fire and Rescue Authorities using the same software did not and as a result are still waiting for the software provider to make changes. The software provider was working to a production date of 31 March 2017 rather than the actual statutory deadline of 31 August 2016.</p> <p>Essex Pension Fund and other administrators will be meeting with the software provider to look at Annual Benefit Statement requirements for next year however it is difficult to know what firefighters want to be shown on the statement and what is too much information.</p> <p>The board discussed the relevance of having the lump sum on the statement, as the amount depends on Government Actuary Department factors which are reviewed every 3 years or so. Essex Pension Fund stated that this is still useful as many firefighter's are getting mortgages later, often ending after their normal retirement date, so estimates of pension and lump sum are required for that. Firefighters should use the statement to look at the current value to see how it is building up. A projection is more of a <i>'what if'</i> scenario.</p> <p>The board compared the statements and accompanying information sent last year. It was felt the information sent last year was all relevant to individual, but this year was more generic. This was due to the different types of member available now and the shorter timescales to produce the information.</p> <p>The board asked whether a survey should be sent round after the Annual Benefit Statements have been sent out. Essex Pension Fund agreed that this would be good idea as it would provide them with feedback.</p> <p>Glenn stated that 18 months ago it was recognised that it was very difficult to produce the information that was required for the pension end of year returns so ECFRS have had specialist people in payroll and IT to work on producing a standard report to pull a lot of this information together, rather than gathering many different reports and then putting them all together. As a result it is much easier to get information out of SAP for the end of year return. Prior to this one FTE person was responsible just for providing pensionable pay information for pension quotes. The introduction of the annual benefit statement has led to a reduction in number of quotes being requested by Firefighters.</p> <p>A question was asked as to whether those people with deferred pensions would get a statement. Essex Pension Fund said this is planned for next year and they are aiming to send them out by 30</p> | |

| | Agenda item | Action |
|----|--|--------|
| | <p>June 2017. It is important that these are produced after April as this is when increases to the deferred benefits are applied.</p> | |
| 9 | <p>Automatic Re-enrolment</p> <p>James presented on the Automatic Re-enrolment duties which ECFRS must undertake in November 2016.</p> <p>In November 2016's pay-run, anybody who is not currently in a pension scheme will be automatically enrolled into a qualifying pension scheme if:-</p> <ul style="list-style-type: none"> • they earn more than £833.33 in the month of November, • they are over the age of 22 but below state pension age, • they did not opt-out of an ECFRS pension scheme in the last 12 months and, • they do not hold protection against the HMRC lifetime allowance. <p>The qualifying pension scheme for Support and Control staff is the Local Government Pension Scheme. The qualifying pension scheme for Firefighters is the Firefighter Pension Scheme 2015, or if they hold transitional protection, it will be the Firefighters Pension Scheme 2006.</p> <p>If the person has more than one employment, each employment is assessed separately against the criteria.</p> <p>Anybody who has a role which is not in a qualifying pension scheme has been contacted to pre-warn them about Auto Re-enrolment. James has received a couple of requests already not to be re-enrolled. However, ECFRS cannot do anything about it as the law states that if the person meets the criteria then they have to be enrolled.</p> | |
| 10 | <p>GMP Reconciliation</p> <p>The Board received a presentation from Matt Mott from Essex Pension Fund regarding Guaranteed Minimum Pension (GMP) reconciliation.</p> <p>ECFRS' data has been assessed and the results are shown in the presentation below.</p> <p>Next step is to work out how holds the correct data, Essex Pension Fund or HMRC and submit this to HMRC.</p> | |

| | Agenda item | Action |
|----|---|--|
| | <p>Answers to some key questions will be required over the next couple of years, such as:-</p> <ul style="list-style-type: none"> • Accepted tolerance levels for GMP amounts, • Whether to pay underpayments to pensioners, • Whether to recover overpayments from pensioners, • Communications and, • Who should undertake stage 3 – rectifying data. <p>Ministers are looking at the question of how to deal with overpayments or underpayments. The Civil Service scheme is progressing well with GMP reconciliation, so ministers will probably look at that scheme when deciding how to deal with the overpayments or underpayments.</p> <p>A £2 per week tolerance has been quoted previously which has been used by the private sector when they have reconciled GMPs in the past. Using a £2 per week tolerance on the amount of GMPs would significantly reduce the number of queries that we would send to HMRC.</p> <p>Graham stated that there must be lots of issues with the contracting out data as lots of people were opting out of SERPS in the early 90's. Matt agreed and recalled that at the time Government expected around 250,000 to 300,000 to opt out of SERPS, but in the end 6 million people did.</p> <p>The board agreed that GMP reconciliation was to be a regular agenda item and a progress update will be provided at each meeting.</p> | <p>James to add GMP reconciliation to next and subsequent agendas.</p> |
| 11 | <p>18-20 Contribution Holiday</p> <p>James updated on the recent change in the regulations which had backdated effect to 1 December 2006. The Secretary of State has allowed members of the Firefighters Pension Scheme 1992 to take a contributions holiday if they:-</p> <ul style="list-style-type: none"> • are under the age of 50 and • have accrued 30 years' service in the scheme. <p>The contributions holiday begins from the time the individual attains 30 years' reckonable service in the FPS 1992 until they reach age 50. Once they reach age 50, they can choose to retire with immediate access to their pension or continue working. If they decide to continue, the normal contributions will resume.</p> <p>ECFRS has 4 current employees in their Contribution Holiday</p> | |

| | Agenda item | Action |
|----|--|--|
| | <p>period now. 11 active employees will benefit from the Contribution Holiday in the future and 49 former employees will receive a Contribution Holiday refund.</p> | |
| 12 | <p>FPS2015 – transitional protection legal challenge</p> <p>The main hearing will be in January 2017. There is a slight issue about which judge will hear the case, because the judges themselves have a similar claim about the transitional protections in their scheme.</p> | |
| 13 | <p>Pension Board Communications & Governance</p> <p>Several documents have been drafted by the Pensions Manager to satisfy the requirements in the Pension Regulator’s Code of Practice. The board were invited to provide comments. The documents that have been drafted are:-</p> <ul style="list-style-type: none"> • Local Pension Board Annual Report for 2015/16 • ECFRS Local Pension Board Communications Strategy • ECFRS Pension Schemes Risk Register • ECFRS Reporting of Breaches procedure <p>The Board would like refresher training on their responsibilities and reporting breaches before providing comment. This is to be reviewed at the next meeting.</p> <p>James updated the board on the Pension Regulator’s scheme self-assessment tool to assist in assessing your scheme against the Regulator’s code of practice. James will use the tool and present the results to the board.</p> | <p>Refresher training on Board’s responsibilities and reporting breaches to be received.</p> <p>James to use TPR’s self-assessment tool and present results.</p> |
| 14 | <p>Update on training/training plan</p> <p>Training will be provided on the following:-</p> <ul style="list-style-type: none"> • Board’s role and responsibilities • Reporting breaches | |
| 15 | <p>Any other business</p> <p>Meetings should be extended to 2 and ½ hours and consideration should be given to having more regular meetings.</p> | |