



Firefighter Pension Schemes Local Pension Board Minutes

Date of meeting	Friday 2nd June 2017
Time of meeting	10am
Location of meeting	GF01, Kelvedon Park

Attendees:

Employer representatives:

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

Employee representatives:

Alistair Castle, RFU
Martin Leach, FBU (apologies)
Gavin Tripp, FOA

Invited participants:

James Durrant, Pensions Manager
David Golding, Team Manager, Police and Fire Pension team, Essex Pension Fund
Michael Jerrison, Pensions Support Officer
Matt Mott, Communications Manager, Essex Pension Fund

	Agenda item	Action
1	Welcome, introductions and apologies Dave welcomed all to the meeting and the meeting was declared as quorate. Apologies were received by Martin Leach and Glenn McGuinness.	
2	Conflict of interest declarations No new conflicts of interest were declared from the board members. When the board members joined they were asked to declare whether they had any conflicts of interest and those that were members of a firefighter pension scheme declared that as a potential conflict. For the new board members it will be added to the register of interests as a potential conflict if they are a member of one of the Firefighter schemes but they will not need to sign a declaration.	

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3	<p>Minutes of last meeting</p> <p>Dave went through the minutes of the last meeting and the action points.</p> <p>No points of accuracy were raised and the minutes were accepted as a true representation of the meeting.</p> <p>Update on action points from last meeting:-</p> <p><u>James to check with Mike Clayton on whether the Scheme Advisory Board levy return has been completed.</u></p> <p>The levy has now been completed and returned to the Local Government Association.</p> <p><u>James to check with Clair Alcock or Scheme Advisory Board on the wording in the Scheme Advisory Board update.</u></p> <p>The query was on the section which stated that Fire Authorities will face challenges with the potential of Governance of the Fire & Rescue service in some Authorities being undertaken in the future by Police & Crime Commissioners. James has received a response from Clair Alcock that they envisage that the challenge will be with regard to the possible change of scheme manager to the Police and Crime Commissioner. However, the pension schemes will remain the same and as a result the requirement to have separate pension boards will remain the same but both the Fire pension board and the police pension board are likely to report to the same scheme manager.</p> <p><u>18-20 non-replies James to discuss with Dave the remaining non-replies and to provide the names to Essex Pension Fund.</u></p> <p>James has shared the names with Dave and with Essex Pension Fund. James has sent reminders by post and email. The 9 non-replies reported at the meeting of 2 March 2017 is now down to 4. Only 1 of the 4 has responded. That individual is unable to complete the forms as he is away travelling in Europe and unable to print and return the form.</p> <p><u>Dave & James to continue to chase on Norman v Cheshire Day Crew pensions.</u></p> <p>See update in Agenda item 6.</p> <p><u>James will liaise with Matt Mott about the Pension Board information being made available on the website.</u></p> <p>Information has been provided to Matt. However their website provider has recently changed the platform and it is difficult to upload information to the website. Hopefully will be resolved very soon.</p>	

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<p><u>James to update action plan and present at next board meeting</u> See update in Agenda item 7.</p> <p><u>James to inform Board of TPR module. Board to complete the training.</u> 4 out of 6 board members have completed the chosen training module which is 'Providing information to members and others'.</p> <p><u>Essex Pension Fund to provide Ill-health retirement training to the Board.</u> See update in Agenda item 4.</p> <p><u>James to consider Brewster case.</u> See update in Agenda item 8.</p> <p><u>Sally to look into whether any analysis on the increase in pension costs has carried out for the rank to role project.</u> The size and the scope of the technical roles has not been completed, however the impact on the pension costs is expected to be minimal.</p>	
<p>4 Training item – Ill health retirements</p> <p>The board received a presentation from Matt Mott on the subject of Ill-health retirements. The presentation shows how a person qualifies for ill-health retirement and how the pension is calculated.</p> <p>The board recognised that since 2006, the more stringent test for qualification for ill-health retirements has led to a reduction in actual ill-health retirements over the years. However, more and more appeals are being made to the board of medical referees. The point of contention usually concerns the Independent Qualified Medical Practitioner's (IQMP) recommendation regarding permanence, which may sometimes disagree with the person's GP or specialist.</p> <p>Due to the new schemes, there is a requirement to amend the forms that go to the IQMP. No template forms have been provided by the Home Office or anywhere else so each Authority has had to amend the forms themselves. James' 'one-size fits all' form designed to incorporate all scenarios was rejected by the IQMPs as they would prefer a specific form for the scenario. Currently 11 different forms are now drafted.</p> <p>Ill-health reviews were discussed. Currently ECFRS has no formal policy for ill-health reviews and it is likely that there are some cases that are still in scope for a review. Usually the IQMP will, at the point of making their original assessment, recommend a review period. James already has the data and will be writing a paper for</p>	

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	<p>decision by the Service Leadership Team. The board asked whose responsibility is it to review. A Scheme member can request a review, but this will usually be when they feel their ill health or injury has worsened. The scheme rules state that ill-health pensions must be reviewed as long as the person has not been in receipt of it for 10 years (5 years for an injury) and is under the normal pension age. Dave suggested that it would be a good idea to check what is put in the letters to see if it does already mention the requirement of a review.</p> <p>The board discussed the merits of an interactive flowchart, which would be of use for scheme members who are going or about to go through the process to help their understanding and manage their expectations. This would also be useful for staff training within HR and at Essex Pension Fund.</p> <p>The board were asked what they would like for their next training session. Police do not have a board meeting until November. The board would like to understand how on-call pensions work. Essex Pension Fund will provide this at the next board meeting.</p>	<p>James to discuss with Dave</p> <p>James and David Golding to review content of ill-health retirement letters</p> <p>Essex Pension Fund to provide training on On-call pensions</p>
5	<p>18-20 Contribution Holiday</p> <p>The board received a presentation from the Pensions Manager on the progress of the 18-20 Contribution Holiday.</p> <p>Since the last board meeting, a further 8 cases have been paid, this includes 3 who had to have their calculations referred to the Government Actuary Department.</p> <p>The 1 deceased case is still outstanding but James has only recently received advice on what to do with deceased cases. Contact will now be made with the next of kin.</p> <p>4 people have yet to complete their form and James will continue to remind these 4 by post and by email. Dave and Sally to consider if they are aware of how these final 4 can be contacted.</p> <p>A total of £308k has been paid out. This is made up of £180k paid in total to the individuals plus £5k interest. As this payment is an unauthorised payment in the eyes of HMRC, £121k of tax is due to HMRC. A small number of individuals elected to pay the tax themselves via self-assessment and the sum of £2k was paid to them on top of their refund for them to pass to HMRC. £16k is left to pay to the 4 people who have not replied and in respect of the deceased person. The contribution holiday has not been funded by ECFRS, but a grant was given by the Home Office of £409k. Any remainder will be deducted from the top-up grant to be received by the Authority.</p>	<p>James to pass names of the 4 non-repliers to Sally</p>

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	James confirmed that there is no expiry date for claiming the contribution refund.	
6	<p>Day Crew Pensions – Norman v Cheshire</p> <p>James has received a response from Alan Chinn-Shaw. James to arrange a meeting to discuss this, with Martin Leach and potentially Mark Stagg to attend as well.</p>	James to arrange a meeting
7	<p>TPR survey results - Governance & Administration action plan</p> <p>The board received a presentation from James on the results of the Pension Regulator’s recent Public service governance and administration survey</p> <p>The summary report can be viewed here:- http://tpr.gov.uk/docs/public-service-research-summary-2017.pdf</p> <p>The full report can be viewed here:- http://tpr.gov.uk/docs/public-service-research-2017.pdf</p> <p>The survey saw a large increase in the number of Fire Authorities who completed the survey, an increase of 61%. The survey showed that schemes were making progress in establishing the processes that The Pensions Regulator (TPR) regards as key in supporting compliance with legal requirements and meeting TPR standards. However, these processes were less likely to be in place in locally administered Firefighters’ and Police schemes.</p> <p>The survey identified a few gaps where ECFRS can improve its governance requirements.</p> <p>ECFRS has a conflicts of interest policy and procedure for pension board members, a register of interests and has developed policies and arrangements to help pension board members acquire and retain the knowledge and understanding they require.</p> <p>ECFRS did not score so well on their Board’s interaction with the scheme manager. One of the questions on the survey is whether the scheme manager attends pension board meetings. James feels this is unnecessary because part of the board’s role is to review the decisions of the scheme manager and the board may not feel able to freely express their opinion if the scheme manager is present in the room. However, a report on the pension board’s activity should be made to the scheme manager. James will circulate a draft Pension Board 2016/17 review and will invite the other pension board members to comment on it. Dave as Chair of the board will present it to the Service Leadership Team.</p>	

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<p>There is some uncertainty as to whether ECFRS meets TPR's requirement for a regular review of data. ECFRS and Essex Pension Fund do regularly review the data, for example when someone retires, when someone starts, when someone requests an estimate. Data is reconciled annually on the end of year return. However, the understanding is that TPR would like a formal review of current and historical data. James will discuss with Essex Pension Fund.</p> <p>ECFRS does not have a reporting breaches of the law policy. James is surprised that so many Fire Authorities (78%) and Police forces (69%) have one. Matt Mott spoke of a meeting that was recently held between the Police Pension Scheme managers and the Pensions Regulator as to why there have not been any reported breaches of the law. TPR said that they must have them. Although the survey results show that a lot of schemes have them, they might not be very knowledgeable on how to operate them. Clair Alcock was in attendance at that meeting so it might be worth James asking her.</p> <p>Dave suggested an interactive tool could be created and made available on the intranet so that individuals are aware of their rights, what they can receive, when they should receive it and what constitutes a material breach. The tool would explain the process for reporting breaches and the board can consider to make a recommendation to the scheme manager or to report a breach. Matt agreed that there could be some kind of potential breaches report to the board, but did not want to be considering hundreds of requests where someone was misinformed about their rights.</p> <p>In response to the actions following the survey, the following target dates were put forward by James:-</p> <table border="1" data-bbox="145 1473 1026 2063"> <thead> <tr> <th data-bbox="145 1473 624 1514">Task</th> <th data-bbox="624 1473 1026 1514">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 1514 624 1697">The pension board to submit a written annual report to the scheme manager on the board's activity for 16/17.</td> <td data-bbox="624 1514 1026 1697">30 June 2017</td> </tr> <tr> <td data-bbox="145 1697 624 1848">To consider a data review exercise with Essex Pension Fund.</td> <td data-bbox="624 1697 1026 1848">31 August 2017</td> </tr> <tr> <td data-bbox="145 1848 624 1960">To publish a risk register and a procedure for assessing and managing risk.</td> <td data-bbox="624 1848 1026 1960">30 September 2017</td> </tr> <tr> <td data-bbox="145 1960 624 2063">To put procedures in place to allow the scheme manager, pension board members and</td> <td data-bbox="624 1960 1026 2063">31 October 2017</td> </tr> </tbody> </table>	Task	Target date	The pension board to submit a written annual report to the scheme manager on the board's activity for 16/17.	30 June 2017	To consider a data review exercise with Essex Pension Fund.	31 August 2017	To publish a risk register and a procedure for assessing and managing risk.	30 September 2017	To put procedures in place to allow the scheme manager, pension board members and	31 October 2017	<p>James will discuss a data cleanse with Essex Pension Fund</p>
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	<p>others to identify and assess breaches of the law, and report these to TPR if required. To arrange for training on breaches of the law.</p> <p>However, it was suggested to align the target dates to coincide with future Pension board meetings. The revised target dates are as follows:-</p> <table border="1" data-bbox="145 636 1026 1339"> <thead> <tr> <th data-bbox="145 636 627 674">Task</th> <th data-bbox="627 636 1026 674">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 674 627 824">The pension board to submit a written annual report to the scheme manager on the board's activity for 16/17.</td> <td data-bbox="627 674 1026 824">By 4th September 2017</td> </tr> <tr> <td data-bbox="145 824 627 936">To consider a data review exercise with Essex Pension Fund.</td> <td data-bbox="627 824 1026 936">By 4th September 2017</td> </tr> <tr> <td data-bbox="145 936 627 1048">To publish a risk register and a procedure for assessing and managing risk.</td> <td data-bbox="627 936 1026 1048">By 5th December 2017</td> </tr> <tr> <td data-bbox="145 1048 627 1339">To put procedures in place to allow the scheme manager, pension board members and others to identify and assess breaches of the law, and report these to TPR if required. To arrange for training on breaches of the law.</td> <td data-bbox="627 1048 1026 1339">By 5th December 2017</td> </tr> </tbody> </table>	Task	Target date	The pension board to submit a written annual report to the scheme manager on the board's activity for 16/17.	By 4th September 2017	To consider a data review exercise with Essex Pension Fund.	By 4th September 2017	To publish a risk register and a procedure for assessing and managing risk.	By 5th December 2017	To put procedures in place to allow the scheme manager, pension board members and others to identify and assess breaches of the law, and report these to TPR if required. To arrange for training on breaches of the law.	By 5th December 2017	
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8	<p>Brewster case</p> <p>James updated the board on the decision in the judicial review case brought by Denise Brewster in relation to the refusal of the Northern Irish Local Government Pension Scheme (NI LGPS) to pay her a cohabitant's pension, known as the 'Brewster case'.</p> <p>HM Treasury and the Home Office are considering the implications for the public sector schemes.</p> <p>This only affects members of the 2006 or Modified scheme who died and did not nominate their co-habiting partner to receive a survivor's pension.</p> <p>It is likely that the requirement to nominate will be removed from the regulations. ECFRS and Essex Pension Fund have no known Firefighter cases.</p>											

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	<p>This does not mean that survivor's pensions can or will now be paid to co-habiting partners of 1992 scheme members. The scheme has already been costed on the basis of only providing survivor pensions to spouses and civil partners and this is unlikely to change.</p> <p>Information was put out on the weekly e-brief of Tuesday 30th May.</p>	
9	<p>Update on GMP reconciliation</p> <p>Matt updated the board on the progress of the GMP reconciliation.</p> <p>The reconciliation is going and there have been no surprises or major issues. All cases fall within the tolerance of 1p.</p> <p>They have not received any data in respect of active employees yet, however this is not a cause for concern because they haven't received any data in respect of active employees for the Local Government Pension Scheme either.</p> <p>Essex Pension Fund have challenged any cases where the member has transferred out their pension benefits but HMRC says there is a liability. They have also challenged where the member has transferred in previous pension rights but HMRC have said there is no liability.</p>	
10	<p>Regional Pension group meeting update</p> <p>James updated on a couple of points to note from the Regional group.</p> <p><u>Voluntary scheme pays for the Annual Allowance (AA)</u></p> <p>James updated the Board on an anomaly in the scheme rules where someone exceeds the Annual Allowance.</p> <p>Individual's whose annual growth in pension savings exceeds HMRC's standard Annual Allowance Limit ('HMRC AA Limit') and who have no unused Annual Allowance to carry forward from the previous three tax years will be subject to an Annual Allowance tax charge ('AA tax charge').</p> <p>Individuals can pay it from their own finances. Or they can elect for 'scheme pays' - where the Authority pays the charge and the person has a debit added to their pension when they retire, providing:-</p> <ul style="list-style-type: none"> the HMRC AA limit (currently set at £40,000) has been exceeded in the pension scheme that the Scheme Pays 	

Agenda item	Action
<p>election is made; and</p> <ul style="list-style-type: none"> • an AA tax charge exceeding £2,000 has been triggered; and • the relevant time limits for making an election have been met. <p>However, there are the following anomalies that are not catered for within the scheme rules:-</p> <ul style="list-style-type: none"> • What if a person is subject to the Tapered Annual Allowance (tapered AA) which is where the AA limit reduces from £40k to £10k for those earning over £150k. • What if a person has membership of the 2015 scheme and either the 1992 scheme or 2006 scheme and exceeds the AA? They are affectively members of two schemes, so even if their total growth is over £40k, the growth in one or both schemes may be less than £40k. • Can a scheme pays election be accepted if it misses the deadline? <p>Legal advice commissioned by the Local Government Association states that Fire Authorities can offer voluntary scheme pays without a change to the legislation under the powers given to it by the Localism Act 2011 – ‘a power of general competence, which may be exercised reasonably where there are sufficient grounds for doing so’.</p> <p>The Home Office are considering amending the legislation to allow an FRA to use ‘VSP’ in certain circumstances only. Unless or until legislation is introduced it is for the FRA to consider their approach to this issue ensuring that what they do is both lawful and appropriate.</p> <p>James will consider approaching Mark Stagg and perhaps Mike Clayton for a view as to whether we should accept voluntary scheme pays. ECFRS may decide to view each on a case-by-case basis or make a policy within the scheme discretions.</p> <p>The Board commented that the Annual Allowance and the Lifetime Allowance is very confusing and questioned whose responsibility it is to warn scheme members. Both AA and LTA are a person’s individual tax positon but a recent Pension Ombudsman case determined that employers do have a duty of care for their employees about this. It is difficult to find an advisor who understands both the complexities of the pension tax system and the complexities of the Firefighter Pension Schemes. David has had links with an advisor who is knowledgeable and has advised police colleagues. David will pass on the details.</p> <p>The board discussed the fact that the Annual Allowance no longer</p>	<p>James to consider approaching Mark Stagg/Mike Clayton for a view as to whether we should accept voluntary scheme pays</p>

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	<p>just affects the top earners in the organisation, as someone who has moved up the ranks very quickly can be caught e.g. a permanent promotion to Station Manager B. ECFRS will consider what support can be offered to employees. Matt Mott will send James information on Annual Allowance.</p> <p><u>Claiming tax relief on contributions made to Modified scheme</u></p> <p>Members of the Modified scheme who are buying historic membership of the scheme are sometimes encountering problems receiving the tax relief. If HMRC refuse to give the tax relief, the person may make a claim for compensation to the Home Office in respect of tax relief, providing they make the claim to HMRC first and receive a reply in writing that tax relief cannot be given.</p>	
11	<p>Update on training/training plan</p> <p>As part of the Board's commitment to re-do the Pension Regulator's training, the agreed module is the Reporting of Breaches. This is to be completed by the Pension Board meeting on 4th September 2017. James will forward the relevant web-link and will send an email reminder.</p> <p>Clair Alcock, the Firefighter Pensions Advisor at the Local Government Association will be providing Local Pension Board training to members of the ECFRS pension board on Thursday 27 July 2017 at 1pm at Kelvedon Park (Room FF33). The training will cover roles and Responsibilities of a Pensions Board and an introduction to the Firefighter Pension Schemes. James to speak to Rebecca Twin to send an invite to the Board and the directors.</p>	
12	<p>Any other business</p> <p>A question was asked about whether temporary promotions are pensionable. For ECFRS, it is pensionable as an Additional Pension Benefit (APB) for members of the Firefighter Pension Scheme 1992, 2006 and Modified, if it started after 1 July 2013 but it is non-pensionable under the Firefighter Pension Scheme 2015.</p> <p>Some members will have the temporary promotion counted towards their final salary, best of the last 3 years or split pension if the temporary promotion started before 1 July 2013.</p> <p>Some authorities treat all new temporary promotions as non-pensionable. This is an Authority discretion to treat it as an APB or non-pensionable. James will circulate APB paper sent to SMB some time ago.</p>	James will circulate APB paper

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13	Date of next meeting Next meeting is on Monday 4 th September 2017 starting at 1pm, in meeting room Ground Floor 01	