



Firefighter Pension Schemes Local Pension Board Minutes

Date of meeting	Monday 9th October 2017
Time of meeting	1.30pm
Location of meeting	Dave Bill's Office, 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:

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

Invited participants:

James Durrant, Pensions Manager
David Golding, Team Manager, Police and Fire Pension team, Essex Pension Fund (Apologies)
Michael Jerrison, Pensions Support Officer
Matt Mott, Communications Manager, Essex Pension Fund (Apologies)
Mark Stagg, Director of Transformation (delegated Scheme Manager) (Apologies)

	Agenda item	Action
1	Welcome, introductions and apologies Dave welcomed all to the meeting. There were apologies from Alistair Castle, David Golding, Matt Mott and Mark Stagg. The meeting was declared as quorate.	
2	Conflict of interest declarations No new conflicts of interest were declared.	
3	Minutes of last meeting Dave Bill asked if there were any points of accuracy raised by the Board. None were raised. The minutes of the last meeting were confirmed as a true and accurate account of the meeting.	

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	<p>Glenn referenced the challenges to Fire & Rescue Authorities who have their governance undertaken by the Police and Crime Commissioner and whether the Police, Fire and Crime Commissioner for Essex is now the Scheme Manager or if there is a delegation in place. James has raised it with Colette Black to take forward with the Office of the PFCC and to be included in the discussion about the other delegations. Dave will ask Colette for an update to check on progress of the delegations including the delegation of the scheme manager.</p>	<p>Dave to ask Colette about the PFCC's delegations</p>
4	<p>Day Crew Pensions – Norman v Cheshire</p> <p>James updated on the arrears of contributions to the Firefighter's Pension Scheme 1992 for the retained element of day crew contracts.</p> <p>Since the last pension board meeting, James has met with Alan Chinn-Shaw and agreed a way forward. Letters were sent to those active members who are affected by this. James has visited some of the day crewed stations to talk about it. James will visit every day-crewed station and watch to explain the changes and answer any questions.</p> <p>69 people are affected in total, comprising of 46 active members, 6 deferred members and 17 pensioners. 97% (67 out of 69) benefit by an increase to their pension by paying the additional contributions, as things stand now. The letters recommend that contribution arrears be paid over a 36-month period to spread the cost. The amount is specific to the person and is not a station average and the person needs to pay the backdated contributions for the period that they have been on a day-crewed contract since 1 October 2011.</p> <p>The individuals can pay over a shorter period if they wish or a longer period than 36 months if the repayment is likely to cause actual or potential financial difficulties. The average person would pay £31.86 per month for 36 months; however, October's pay is to be added to the amounts.</p> <p>Arrears of contributions to be made at the pay and contribution rate that existed at that time and without interest being added. Arrears paid via payroll provide tax relief on the pension contributions.</p> <p>If a person leaves before repayment is completed, this will either be deducted in the person's final salary, or they will be invoiced afterwards. If they are retiring there is an additional option of having the remaining amount deducted from their retirement lump sum.</p> <p>Many election forms have been received but still a large number of them are outstanding. Reminder letters will be issued if replies are not received.</p>	

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	<p>It was asked in the meeting as to whether these are compulsory payments. James responded that the payments are compulsory but individuals are required to respond to the letters to confirm how they wish to pay the arrears. If the individual does not respond to the reminder, further reminders will be issued. If still no response is received, then the Service will need to make a decision about what to do, on a case-by-case basis.</p>	
5	<p>18-20 Contribution Holiday</p> <p>James updated on the progress on the payments for the Contribution Holiday. The 1 deceased case has now been paid.</p> <p>4 cases are still to be paid but 1 person responded on the date of this meeting, leaving 3 people who have yet to respond. Board members will attempt to make contact with the 3 remaining cases.</p>	
6	<p>Tax</p> <p>i) Compensation Scheme – Ill health pensions</p> <p>ii) Retained Modified Scheme – Special Pensioners tax</p> <p>James described the above issues.</p> <p>The first relates to ill-health pensions made from the Firefighter's Compensation Scheme. Retained firefighters employed before 2006 who receive a qualifying injury have a special entitlement to an ill-health pension calculated as if they were under the 1992 scheme.</p> <p>Some Authorities had been taxing the ill-health pension under PAYE, however as it is paid in relation to an injury under the Compensation scheme, it should be non-taxable.</p> <p>HMRC will refund the person the tax paid in the 4 previous tax years, however it will be up to Authorities to compensate the person for the rest.</p> <p>Essex has no such cases where tax has been deducted incorrectly for these payments.</p> <p>The second relates to payments made to Special Pensioners under the Retained Modified Scheme settlement.</p> <p>Some Authorities paid the pension arrears to special pensioners without deducting tax under PAYE and instructed the individuals to declare this income to HMRC.</p> <p>Essex did pay the pension arrears without deducting PAYE but provided a letter for the person to contact HMRC, so that HMRC can sort out the tax position i.e. HMRC give tax relief on the contributions but deduct PAYE tax on the payment.</p>	

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	<p>The method was agreed between the Service and Essex Pension Fund as it appeared at the time to be a proactive way of dealing with the tax situation, where a person is due tax relief but also has to pay tax. There was limited tax guidance available at the time the payments were made.</p> <p>HMRC have contacted Fire and Rescue Authorities for information on this and a deadline of 31 July 2017 was given for them to respond, as HMRC believe this is a potential PAYE failure. If this is the case, there is potential for Essex Fire and any other Authority that is affected, to have to pay the unpaid PAYE in respect of the employee.</p> <p>HMRC are checking their records to see which special pensioners did declare it, who did not declare it, and who is responsible for paying the tax. HMRC state that they will deal with the tax relief due to be paid to the person as a separate issue. James' view is that it should be looked into at the same time.</p> <p>The board noted the potential liability of the Service, should the worst case scenario occur.</p>	
7	<p>The Firefighters' Pension Schemes and Compensation Scheme (Amendment) Order 2017</p> <p>James went through the recent amendment orders.</p> <p>The first is SI 2017/888, which primarily makes minor administrative changes and corrections to the 2015 Firefighters' Pension Scheme.</p> <p>Schedule 2, rules 37 & 38 deals with the position of transitional members (individuals who will transfer to the 2015 scheme) who are being considered for ill-health retirement by an independent qualified medical practitioner (IQMP) at the time they would transition to the 2015 scheme from either the 1992 or 2006 scheme.</p> <p>Under the amended rules such members remain in their existing pension scheme, until a final decision is made (including an appeal) by the IQMP. If the ill-health retirement is given, the member retires from the existing 1992 or 2006 scheme avoiding the necessity for a minimal period of membership of the 2015 Scheme. If the ill-health retirement is not given, then the member moves into the 2015 scheme from the date of the IQMP decision or the expiry of 28 days after the appeal decision.</p> <p>The other is SI 2017/892, which gives effect to the government decision as was announced in the budget of 18 March 2015 that widows, widowers, and surviving civil partners of firefighters and police officers who died or die on duty in England and Wales would no longer lose their survivor benefits if they remarry or form a civil</p>	

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	<p>partnership.</p> <p>In order to determine whether the survivors pension should continue after remarriage / re-civil partnership, the Service will need to consider whether the firefighter had (i) died as a result of an injury received in the exercise of his/her duties as a firefighter; or (ii) sustained while on a journey necessary to enable him/her to report for duty or return home after duty.</p> <p>If the firefighter had died because of an injury received in the exercise of his/her duties as a firefighter, this would have entitled a member to be in receipt of an injury pension, so would be relatively simple to identify should a case arise. However, an injury sustained while on a journey necessary to enable him/her to report for duty or return home after duty may not be so easy. This is because he/she would not be said to be in the exercise of duties and would not necessarily be in receipt of an injury pension, unless a retained firefighter was travelling to the station having been paged.</p> <p>Such changes will be applied retrospectively to marriages, remarriages and civil partnerships entered into on or after 1 April 2015.</p> <p>There are two actions for the Service to take:-</p> <ol style="list-style-type: none"> 1. Need to ensure all circumstances regarding an injury are recorded, even where an injury pension is not awarded in order to assess later eligibility to pension on remarriage / re-civil partnership 2. Need a process in place to ensure payroll does not move a member into the 2015 scheme if an IQMP is currently taking place. <p>This will be added to the agenda for the next meeting so that the Board can monitor that the Service has complied with them.</p> <p>The question was raised as to whether it is on the risk register that the Scheme Manager has not complied with changes in legislation.</p> <p>The pension risk register is currently work in progress with Charles Thomas and his team. That specific risk will be on the register once it is in place.</p>	
8	<p>Data Review Exercise</p> <p>James updated on the data review activities that have been undertaken within the last couple of years.</p> <p>End of year returns have been sent to Essex Pension Fund on time every year from 2014/15 onwards as have the CPD & Temporary Promotion Returns. As a result, annual benefit statements have been sent from 2015 onwards, giving the opportunity for the scheme members to check the information held about them.</p>	

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	<p>Historic pay data for retained scheme members has been sent to Essex Pension Fund back to 2006/07 in order to complete the records held by Essex Pension Fund.</p> <p>Essex Pension Fund have been processing their backlog of leavers so that the deferred member records are complete. James and Essex Pension Fund will be reviewing the data held about the pension start dates for retained employees.</p> <p>Essex Pension Fund are undertaking the GMP reconciliation on behalf of the service, which cleanses the records as part of the process.</p>	
9	<p>Update on GMP reconciliation</p> <p>James updated the board on the progress of the GMP reconciliation following a conversation he had with Matt Mott.</p> <p>The reconciliation continues to progress well and no major issues have arisen, as the data has generally been very good. The reconciliation is nearly completed for the Firefighter Pension Schemes in Essex.</p> <p>Glenn asked how much Essex Pension Fund are charging the Service to carry out the GMP reconciliation. James will find out and report back.</p>	<p>James to find out the amount of the charge from Essex Pension Fund.</p>
10	<p>Regional Pension group meeting update</p> <p>James updated the Board on the FBU's transitional protection challenge. The Government won their case and the FBU has appealed that decision. The Judges won their case about their pension scheme and the Government is appealing the decision. Both appeal cases will be heard in December 2017.</p> <p>The board discussed the fact that the Police Pension Scheme used both service and age in order to qualify for protection, whereas Firefighters Pension Schemes used age only.</p> <p>The board discussed there would be a huge impact if the transitional protections were repealed and asked whether this will be on the risk register. James confirmed that this would be taken into account.</p> <p>James then updated the board on the Fire Scheme Valuation. The outcome of the valuation will set the employer contributions payable from 1 April 2019 to 31 March 2023 for all authorities. The Government Actuary Department is discussing with the Scheme Advisory Board as to who; meaning the scheme member, the fire authority or the government, will pay for which cost. A number of items affecting the cost of the schemes has occurred</p>	

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	<p>since the last valuation in 2012, for example the GAD vs Milne payments and the Retained Modified scheme. The final results of the valuation are expected March 2018.</p> <p>Glenn updated the Board on the work he undertakes to calculate the top-up grant. The contributions paid by the employee, the employer contributions, transfers to the scheme from other pension schemes and the ill-health charge provides the income to the schemes. The payments of pension, lump sums and other benefits, as well as transfers out of the scheme are the expenditure. There is a shortfall between the expenditure and the income, so the Government provides a top-up grant. These calculations are subject to vigorous checks before being sent to the Home Office and the Home Office also carry out vigorous checks once they receive the data. The early exit exercise last year increased the expenditure from usually around £2m up to around £5m.</p>	
11	<p>Pensions Policies</p> <p>Dave asked the board to consider what pension policies the board would like to see in place. Items will be raised when Mark Stagg attends the board meeting.</p>	
12	<p>Update on training/training plan</p> <p>The board felt that Clair Alcock's pension board training session was very useful and asked if the slides could be made available to all. James will circulate these.</p> <p>As David Golding and Matt Mott had to give their apologies, the training on retained firefighter pension provision will be rescheduled for the next board meeting.</p> <p>There will be a regional event at London Fire Brigade on 27 November 2017, which is similar to the session Clair Alcock held for this Board. The event will include board members from around the region and so provides an opportunity for networking. More details will be circulated once available.</p> <p>The Scheme Advisory Board is keen to hold training and refresher sessions. More details regarding a pensions tax training day will be provided soon and will be available for board members and those with a responsibility for pension to attend.</p> <p>Members of the board who received the 'Understanding Pensions' presentation at one of the early Board meetings found this very useful and still refer to it when they have to check something relating to pensions. James will circulate it.</p> <p>The board had previously agreed to revisit the Pension Regulator's online toolkit. Most board members had completed the previous module on Reporting breaches of the law.</p>	<p>James to send the slides</p> <p>James to circulate</p> <p>James to forward details.</p>

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	Board members who did not complete this module are asked to complete the breaches module as well as the next chosen module before the December board meeting. The board agreed to James' suggestion that the next module to be completed before the next board meeting is the topic of Managing Risk and Internal Controls. James will forward the details.	Board members to complete Managing Risk and Internal Controls TPR module before next board meeting and Reporting Breaches of the Law if they have not already.
13	Any other business Martin asked who appoints the Chair of the Pension Board. London Fire Brigade rotates their Chair. James replied that the Scheme Manager appoints the Chair. Dave proposed to review the terms of reference at the next meeting and the Board agreed with this.	Terms of reference to be reviewed at next meeting.
14	Date of next meeting The next meeting is on Tuesday 5 th December 2017 at 1pm in room FF41 at Kelvedon Park.	