



Firefighter Pension Schemes Local Pension Board Minutes

Date of meeting	Tuesday 5th December 2017
Time of meeting	1.30pm
Location of meeting	First Floor Room 41, 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
Martin Leach, FBU
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
Mark Stagg, Director of Transformation (delegated Scheme Manager)

	Agenda item	Action
1	Welcome, introductions and apologies Dave welcomed all to the meeting. There were no apologies and all members and invited participants were present. The meeting was declared as quorate.	
2	Conflict of interest declarations No new conflicts of interest were declared.	
3	Minutes of last meeting Dave went through the minutes and action points from the last meeting on Monday 9th October 2017. No points of accuracy were raised and the minutes were agreed as a true and accurate account of the meeting.	

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	<p>Updates from the actions agreed at the last meeting are as follows.</p> <p><u>Dave to ask Colette about the PFCC's delegations</u> The constitution has been created and where not specifically mentioned, previous delegations were to be in place i.e. that the delegated Scheme Manager is Mark Stagg. James to check on the position of the delegations to confirm that the requirements have been met.</p> <p>Martin asked as to whether there had been any progress of the amendment to the Internal Dispute Resolution Procedure. James confirmed that a policy has been drafted which keeps the Chief Fire Officer or a person specified by the Chief Fire Officer to respond to Stage 1. For Stage 2 the draft policy states that instead of the respondents being one or more members of the Fire Authority, the Stage 2 appointed person will be the PFCC or a person specified by the PFCC i.e. a person of the Office of the PFCC.</p> <p><u>James to find out the amount of the charge from Essex Pension Fund relating to the GMP reconciliation.</u></p> <p>To be discussed as part of Matt Mott's update on Guaranteed Minimum Pension reconciliation at Agenda Item 9.</p> <p><u>James to send the slides of Clair Alcock's pension board training session to the Board members.</u></p> <p>James apologised that electronic versions of the slides have not yet been sent. This will be done shortly.</p> <p><u>James to circulate details of the regional pension board training event at London Fire Brigade on 27 November 2017.</u></p> <p>James had emailed the Board inviting them to the event held at London Fire Brigade.</p> <p><u>James to forward details of the next training module. Board members to complete the <i>Managing Risk and Internal Controls</i> TPR module before next board meeting and <i>Reporting Breaches of the Law</i> if they have not already.</u></p> <p>To be discussed at Agenda Item 11 - Update on training/training plan.</p> <p><u>Terms of reference to be reviewed at next meeting.</u></p> <p>Review of Terms of reference is Agenda Item 4 of this meeting.</p>	<p>James to check on the position of the delegations.</p>
4	<p>Review of Terms of Reference</p> <p>As requested at the meeting of Monday 9th October 2017 the board reviewed the Terms of Reference.</p>	

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	<p>The Board discussed the charring arrangements. London Fire Brigade take turns in charring their meetings. Some Local Government Pension Scheme boards have independent chairpersons, however the costs are likely to be thousands of pounds and the Board did not consider this a sensible use of public money. Dave Bill confirmed that he is happy to continue in the role of Chair, however if any board member wishes to put their self forward, they should send a statements of interest by the end of next week (15 December 2017) to the Pensions Manager. If no statements of interest are received, Dave will continue as Chair. If there is more than one person who has submitted a statement of interest, then the board members will be asked to vote. Appointments of the Chair will need to be confirmed by the Chief Fire Officer.</p> <p>The question was asked as to whether the Board should have a pensioner representative. Essex's terms of reference state that only active members of the scheme can hold the position of employee representative, however, London Fire Brigade and probably other boards have pensioner members. James said that the regulations do not state how the boards should be made up of representatives, only that each Authority should have a Board in place and that there should be equal numbers of employee representatives and employer representatives. If Essex was to increase the number of employee representatives then the number of employer representatives must also be increased. James was asked to find out what other Boards do and will ask the Regional group.</p> <p>The board identified that references to the Fire Authority within the Terms of Reference must now refer to the new name of Essex Police, Fire and Crime Commissioner Fire and Rescue Authority. James will update this.</p> <p>Any changes to the terms of reference must have the Authority's agreement. Any changes to the membership must have agreement by the Chief Fire Officer.</p>	<p>James to ask regional group how their boards are constituted.</p> <p>James to update the terms of reference with the Fire Authority's new name.</p>
5	<p>Pensions Policies</p> <p>Dave introduced the Pension Polices agenda item. This item had been raised after a previous meeting where review ill-health reviews had been discussed and it had come to light that ill-health reviews were being applied inconsistently and in many cases not at all.</p> <p>There is a section on the ill-health certificate for the independent qualified medical practitioner (IQMP) to put a recommended review date. However this is not always filled out, which could mean either that no further reviews are recommended or that the IQMP has not fully completed the certificate. When this occurs this should be confirmed with the IQMP.</p>	

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	<p>The regulations lists the requirements for reviews, but a policy should be put in place. The recommendation from Mark Stagg was to set up a workshop to establish what we want the policy to say. In addition, we should find out if other Authorities have policies that we can consider when developing our own.</p>	<p>James to arrange a workshop and find out other Authorities' policies.</p>
6	<p>Training Item – Retained Firefighter Pension Provisions</p> <p>David Golding undertook the training session on the pension provisions of retained firefighters.</p> <p>The training explained the historic provisions available for retained firefighters, including the modified scheme.</p> <p>380 retained firefighters are now paying into the Firefighters Pension Scheme 2015, compared with 39 in the Modified scheme, 19 in the 2006 scheme. 4 people are paying into the Scottish Widows pension scheme only, whereas 65 people are paying into none of the schemes.</p> <p>Post meeting note:- For the purpose of the figures, where a person has two roles, these are counted separately, so it could be that someone who has two retained roles will be paying into a scheme on one role and not the other, or paying into a scheme on their whole-time role and not their retained role.</p> <p>Sally asked as to whether a retained firefighters' reference pay was affected by the recent changes as a result of the rank to role process. If a person has had an increased then this would be reflected in their pension benefits. If the individual was to have a decreased but receives a 3-year extension to their pay, they will still be paying pension contributions on that extended pay so will still count for pension purposes. They will only see a drop in their reference pay when that 3-year extension ends. However, the best of the last 3 years or a split pension will apply.</p>	
7	<p>Update from Pensions Manager:-</p> <p>James gave the update from the Pensions Manager.</p> <p><u>a) Day Crew Pensions – Norman v Cheshire</u></p> <p>34 out of 44 active employees have returned their forms to elect for the arrears of contributions to be repaid. 22 of these began paying their arrears in November. 12 of these will start paying in December's pay.</p> <p>Reminders have been sent on 5 December to those who have not responded.</p> <p>Regarding the pensioners, we have a query with HMRC to ensure the payments will be made correctly in accordance with tax legislation before writing out to them. We are hoping that we can deduct what the pensioners owe in contributions from the payments (revised pensions and lump sums) that are due to be paid to them.</p>	

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<p>A question was asked as to whether the individuals have to pay and what happens if they continue to not respond. James confirmed that they do have to pay. If they do not respond then more reminders will be sent. If no response to the reminders, the Authority will need to decide what action to take. This could be a face-to-face meeting with the person and/or representative bodies, or an invoice to the person. The Authority would wish to resolve the matter amicably.</p> <p><u>b) Update on the Firefighters' Pension Schemes and Compensation Scheme (Amendment) Order 2017</u></p> <p>James updated on the progress of the Authority taking the actions required to comply with the amendment order.</p> <p>The Authority needs to ensure that all circumstances regarding an injury are recorded, even where an injury pension is not awarded in order to assess later eligibility to pension if the surviving spouse remarries or enters into another civil partnership.</p> <p>If injury pension was awarded because of the injury that ultimately ended the scheme member's life, then Essex Pension Fund will hold the necessary details on the circumstances of the injury of the pensioner. If an injury pension was not awarded, Essex Pension Fund may not hold the details. However, Occupational Health hold records for all cases that they have had dealings with, until the person turns 80 years old, or for 40 years, whichever is the shorter period.</p> <p>If not held by the above it will be necessary for the Authority or Essex Pension Fund to work with the surviving spouse/partners in order to identify the exact circumstances of the firefighter's death.</p> <p>Sally mentioned that the OSHENS reports might also hold information on injuries.</p> <p>James confirmed that the changes have now been notified to HR to ensure that payroll does not move a member into the 2015 scheme if an IQMP is currently taking place. The Senior HR Advisors and HR Business Partners will now, upon making an ill-health referral to an IQMP they will now notify the Pensions Manager who will, if required, delay the scheme member's transition to the 2015 scheme until the IQMP outcome is known.</p> <p>The Pensions Manager will also notify Essex Pension Fund when a scheme member, because of an IQMP process, has not been transitioned to the 2015 scheme on their original scheduled date.</p> <p>If the member does not qualify for ill-health retirement, the Pensions Manager will also advise Payroll and Essex Pension Fund of the date the member did transition to the 2015 scheme (i.e. the date of the IQMP's report).</p>	

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	<p><u>c) 18-20 Contribution Holiday update</u></p> <p>With the Board members assistance, the four cases that the Authority had at the October meeting has now been reduced to one. The remaining person had been living at a different address. James had spoken to the individual on the phone. Following that, he sent a letter to the person but did not receive a reply. A reminder has been sent without reply. The name of the person was passed to the Board to see if they can again make contact. James will send another reminder letter to the individual.</p> <p><u>d) Update on progress actions from TPR survey</u></p> <p>James updated the board on the actions because of the last survey sent by the Pensions Regulator.</p> <p>A pensions risk register has been drafted showing the risks, triggers, consequences and control measures. It is currently with the Risk and Business Continuity for sense checking and approval. Once received, to be introduced to the Pensions Board.</p> <p>The final draft of the Reporting of Breaches of the law policy to be passed to Mark Stagg with a view to consult with the representative bodies as well as the Pension Board. James will arrange for training on breaches of the law for the board.</p>	
8	<p>Local Pension Board survey - Scheme Advisory Board</p> <p>The Scheme Advisory Board would like to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of local pension boards and interaction with their scheme manager.</p> <p>The survey is intended to enable the Scheme Advisory Board to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2015 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, the Scheme Advisory Board may make recommendations to the Home Office for any regulatory changes that are considered necessary.</p> <p>The Scheme Advisory state that all relevant stakeholders can participate; scheme manager, pension board members, scheme members, representative bodies etc. and they will accept completed surveys by individuals, or a survey completed on behalf of the pension board and a separate one completed by the Scheme Manager, or a survey completed on behalf of the Authority.</p> <p>The survey itself contains factual questions, such as is “<i>how many times does the board meet</i>” but also contains questions requiring opinions such as “<i>Give up to three examples where you think the Board is working well / not so well</i>”. James recommended that as the</p>	

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	<p>survey is asking for opinions it might be better to undertake it individually. The Board agreed that they would undertake it individually. Dave said that if they are going through the survey and think that a joint response would be better, to contact James.</p> <p>James will send the survey link and urged the board members to be very honest in their answers as the Scheme Advisory Board are keen to know what support they can provide to Authorities and if there needs to be a change to the regulations.</p>	
9	<p>Update on Guaranteed Minimum Pension reconciliation</p> <p>Matt updated on the progress of the GMP reconciliation.</p> <p>It had been going smoothly until recently when they sent a file of data to HMRC, however HMRC sent it back to Essex Pension Fund without any comments or amendments. Each record has to be re-sent to HMRC on a separate spreadsheet.</p> <p>The cost for phase 1, which involves assessing the data, is £2k. The cost for phase 2, which involves querying the data and making amendments, is £6k. Essex Fire have not been billed for either phase yet, however the phase 1 costs will be billed for the year 2017/18 and the phase 2 costs will be billed for the 2018/19 year.</p> <p>HMRC have confirmed that they will no longer be writing out to anybody who has a contracted-out benefit at the end of 2018. This has lifted a great weight off the shoulders of pension administrators, however, the reconciliation does still need to be completed.</p>	
10	<p>Matters arising from the Regional Pension Officer's Group</p> <p>James updated on any items resulting from the Regional Pension Officer's Group meetings.</p> <p>A number of statutory instruments are required to update the rules of the Firefighter Pension Schemes. Home Office state that none of these will be progressed soon, due to the lack parliamentary time available and legal resources are being used elsewhere i.e. Brexit.</p> <p>The amendments are required as a result of case law and as a result of other new legislation, and are as follows:-</p> <p><u>Brewster v NILGOSC</u> – Contrary to the rules of the 2006 scheme, a surviving adult partner does not need to be nominated in order to receive payment of survivor benefits under the 2006 scheme. Numbers of people affected are small but mainly affect the Local Government Pension Scheme. No known cases for Essex Fire.</p> <p>Matt added more on the Brewster case. It is a Northern Ireland case so has no jurisdiction on UK law. Indications are that the requirement for a nomination form is illegal but payments cannot be made to</p>	

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	<p>partners as it would be an unauthorised payment in the eyes of HMRC and would attract large tax charges. If a judicial review takes place in the UK, then this can be used as a precedent for English law.</p> <p><u>Supreme Court case – Walker v Innospec</u> - In July, the Supreme Court handed down a judgment which has potential implications for pension schemes who offer differing survivors' pension benefits depending on whether their relationship with the originating member was a civil partnership, same sex marriage or opposite sex marriage. Home Office are considering what changes are required for the Fire Schemes.</p> <p><u>Voluntary scheme pays</u> – Legislation is required to extend the option for a person to elect for the Fire & Rescue Authority to pay the Annual Allowance tax charge in exchange for a reduction of benefits, to those who:-</p> <ul style="list-style-type: none"> • are subject to the Tapered Annual Allowance (tapered AA) which is where the AA limit reduces from £40k to £10k for those earning over £150k per annum, or • exceed the annual allowance over two schemes e.g. FPS 1992 and FPS 2015. <p>Currently the Firefighter Pension Scheme regulations do not permit this but legal advice says that Fire & Rescue Authorities can offer this under their 'powers of general competence'.</p> <p><u>Exit Payment Cap</u> – The Exit Payment Cap is expected in 2018 and changes to the Firefighter Pension Scheme rules may be required as a result, particularly with reference to the power in the 1992 scheme to increase the commutation from 2.25 times the amount of the gross pension to 25%. The additional lump sum is a cost to the Fire & Rescue Authority and would therefore be subject to the £95k cap.</p>	
11	<p>Update on training/training plan</p> <p>At the last meeting the board agreed to complete the Pension Regulator's module '<i>Managing Risk and Internal Controls</i>', however James did not receive any confirmations that the members had completed it. James will send the link to the module.</p> <p>The Scheme Advisory Board procured a training programme for Scheme Managers and Local Pension Boards to ensure Fire Authorities understand the current pensions tax regime and how it affects their employees. The London date is fully booked but members can attend the police sessions, as they will be very similar to Fire. If interested please contact bluelight.pensions@local.gov.uk.</p> <p>Matt asked whether in future the Board could complete a module in the meeting. This will be considered for the next meeting but the Board members are to complete the '<i>Managing Risk and Internal Controls</i>' module before the next meeting.</p>	<p>James will send the link to the module.</p> <p>Board members to complete the module.</p>

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	For the next training item, James will arrange for this to be on Reporting breaches of the law.	James will arrange for Reporting breaches of the law training.
12	<p>Any other business</p> <p>Glenn asked are there to be any changes to the information that Essex Pension Fund require for End of Year. David and Matt will check with Chris Pickford and advise if there are to be any changes.</p> <p>Carval, the new supplier of the Payroll and HR system are aware of the year-end reporting requirements.</p> <p>No other items were raised and Dave Bill closed the meeting.</p>	David and Matt to check and advise if there are any planned changes to the end of year requirements.
13	<p>Date of next meeting</p> <p>The next meeting is on Thursday 1st March 2018 at 1pm in meeting room GF01 at Kelvedon Park.</p>	