



## Firefighter Pension Schemes Local Pension Board Minutes

<b>Date of meeting</b>	<b>Monday 11<sup>th</sup> March 2019</b>
<b>Time of meeting</b>	<b>1pm</b>
<b>Location of meeting</b>	<b>Room GF01, Ground Floor, Kelvedon Park</b>

### **Attendees:**

#### **Employer representatives:**

Dave Bill, Assistant Chief Fire Officer (Chair)  
Sally Froment, HR Business Partner

#### **Employee representatives:**

Alistair Castle, FRSA  
Alan Chinn-Shaw, FBU

#### **Invited participants:**

James Durrant, Pensions Manager  
David Golding, Technical Analyst, Police & Fire Pension team, Essex Pension Fund  
Michael Jerrison, Pensions Support Officer

### **Apologies from:**

Moira Bruin, Assistant Director of Prevention, Protection & Response  
Gavin Tripp, FOA  
Glenn McGuinness, Acting Director of Finance (delegated Scheme Manager)

	Agenda item	Action
1	<p><b>Welcome, introductions and apologies</b></p> <p>Dave welcomed all to the meeting.</p> <p>There were apologies from Moira Bruin, Gavin Tripp and Glenn McGuinness.</p> <p>The meeting was declared as quorate.</p>	
2	<p><b>Conflict of interest declarations</b></p> <p>No new conflicts of interest were declared.</p> <p>There is an outstanding action for Board members who are members of one of the Firefighters Pension Schemes must complete a declaration of a potential conflict interest form.</p> <p>James will send the declaration to any board member who is also member of the pension scheme who has not already completed a declaration.</p>	<p>Conflict of interest declarations to be provided to those eligible and have not yet completed one.</p>
3	<p><b>Minutes of last meeting</b></p> <p>Dave went through the minutes and action points from the last meeting on Monday 3<sup>rd</sup> December 2018.</p> <p>The following action items were discussed:-</p> <p><u>Dave to feed back at next meeting following his discussion with a retired firefighter.</u></p> <p>Dave had not yet had the opportunity to complete this action, so will carry this forward to the next meeting. Dave asked James to email him to remind him.</p> <p><u>Data to be added to the agenda and work plan</u></p> <p>This has been added to the agenda and to the work plan.</p> <p><u>James will make tax information available on the intranet &amp; work with Sally to review the contracts.</u></p> <p>James and Sally met to review the contracts. The template letter for permanent promotion has been updated with the following optional paragraph:-</p> <p><b><i>“IF EMPLOYEE IS ENROLLED IN ONE OF THE FIREFIGHTER’S PENSION SCHEME AND IS A PERMANENT PROMOTION TO STATION MANAGER B OR ABOVE</i></b></p> <p><i>Please be aware that this promotion may give rise to you exceeding the Pensions Annual Allowance.</i></p>	<p>James to email a reminder to Dave &amp; Dave to feed back at next meeting following his discussion with a retired firefighter.</p>

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	<p><i>The Annual Allowance is the amount by which the value of your pension benefits may grow in any one year without you having to pay a tax charge. If the value of your pension savings in any one year, including pension savings outside of a Firefighter's Pension Scheme are in excess of the annual allowance, the excess will be taxed as income.</i></p> <p><i>If your promotion means that you have breached the annual allowance, your pension administrators will send you a Pension Saving Statement by the 6<sup>th</sup> October that follows the end of this tax year.</i></p> <p><i>Please view the Pensions Tax pages on our intranet for more information under HR-OD -&gt; Pensions -&gt; Pension Tax. ”</i></p> <p>The Board approved the wording.</p> <p>Dave asked whether Watch Managers who are promoted from Crew Manager were also caught by the annual allowance. James explained that they had not been caught before, as the difference in pay and therefore the pension growth from one year to the next will not be high enough.</p> <p>The intranet will shortly be updated to explain the current Pensions Tax regime. This will explain that contributions that a person makes to a pension are usually tax-free, the annual allowance, lifetime allowance, a pension is payment is taxable and that there is a tax charge if the lump sum exceeds the HMRC limit.</p> <p><u>Dave, James &amp; Comms to discuss promoting the survey</u></p> <p>Dave and James met with Emily from the Communication team to discuss how to promote the survey. This is discussed later at Agenda Item 8.</p> <p><u>James will send the link to the Pension Regulator module.</u></p> <p>James emailed the Board members on 7 December 2018 and 5 March 2019 with the details of the module and how they can access it.</p> <p><u>Board members to complete the module on ‘Maintaining member contributions’.</u></p> <p>Not all Board members completed the module. Those that did not complete it should do so before the next meeting, as well as the module selected at this meeting.</p> <p>No points of accuracy were raised and the minutes were agreed as a true and accurate account of the meeting.</p>	
4	<p><b>Training Item – Overview of Firefighter Schemes incl. Modified Scheme.</b></p> <p>David Golding provided the training item on the Overview of Firefighter Schemes including the Modified Scheme.</p>	

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<p>The presentation included details of key dates in relation to the scheme, the types of scheme member, benefit structures, examples of basic pension calculations as well as details of the Modified scheme. The presentation will be sent to Board members after meeting so they can refer to it in the future.</p> <p>The presentation gave rise to a number of questions.</p> <p>With regard to the slide referring to part-time firefighters, David questioned whether we have any. Sally replied that there are two in Essex, who perform their roles on a job-share basis. Part-time firefighters are more common in Kent and in particular in South Wales.</p> <p>Deferred members of the FPS 2006 and FPS 2015 are able to access their pensions from 55 but with an early retirement reduction. David will discuss with James whether those firefighters who left before they were able to retire, should be written to a couple of months before their 55<sup>th</sup> birthday to offer their deferred pension into payment.</p> <p>Alan asked whether scheme members who had a temporary promotion that started before 1 July 2013 and has now ended, would have a split pension if this did not fall within their 'best of the last 3 years'. David explained that they would and that this is automatic meaning that the scheme member would not have to do anything. At retirement, the person's final pay is compared with the split pension and David's team pay whichever is more beneficial to the member. After all, it might be in the member's best interest to have their split pension cancelled where they have now received a permanent promotion later on.</p> <p>Additional Pension Benefits for CPD, LSI and temporary promotion are currently all merged together as one figure. James replied that there has been feedback that they would like this split out, particularly as members are often keen to see what the effect of their temporary promotion has had on their pension benefits. The age-related factor decreases the older a person is. APB's don't exist in the FPS 2015, as temporary promotion is not pensionable.</p> <p>David explained to the board that the regulations state that APBs cannot be paid earlier than the member's deferred pension age in cases where the member is dismissed. There is no further guidance on this, so it is taken to mean in the event of redundancy or misconduct, rather than on capability. James agreed to look into this further.</p> <p>This year the FPS 2015 benefits accrued between 1 April 2018 to 31 March 2019 will be increased by 2.7%. Sally asked why couldn't the in-year revaluation couldn't be included on ABS's.</p> <p>David explained that the ABS is meant to be a snapshot as at 31 March and the revaluation applies at one second past midnight on the 1 April.</p>	<p>James to look into whether APBs can be paid if a person is dismissed.</p>

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	<p>Abatement and the loss of PPA was also discussed.</p> <p>The Board requested to have training on the different retirement scenarios at the next meeting.</p>	<p>Board to receive training on retirement scenarios at the next meeting.</p>
5	<p><b>Transitional Protection Legal Challenge &amp; Valuation results</b></p> <p>James updated on the transitional protection legal challenge (the McCloud judgment), the valuation results and how these are inter-linked.</p> <p>The case concerns the transitional protections given to scheme members, who in 2012 were within 10 years of their normal retirement age, in the judges and firefighters schemes as part of public service pensions reform, referred to as the 'McCloud case'. Tapered protections were provided for those 4 years younger. On 20th December 2018, the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified.</p> <p>If the protections are unlawful then those members who are found to have been discriminated against will need to be offered appropriate remedies to ensure they are placed in an equivalent position to the protected members. Such remedies will need to be 'upwards' - that is the benefits of unprotected members will need to be raised rather than the benefits of protected members being reduced.</p> <p>The Government has applied to the Supreme Court for permission to appeal. Normally a decision on whether to grant permission is received within 3 months of the application, so by mid-April 2019.</p> <p>If the application to the Supreme Court is accepted, in normal circumstances, the hearing would not be held before the end of 2019. It is hoped given the importance of the case that an earlier hearing could be arranged. However, the hearing date is at the discretion of the Supreme Court and will depend on matters such as the priority it attaches to the case, the Court's workload and the current cases timetable.</p> <p>If the application were refused, the matter would be referred back to the Employment Tribunal for a remedy hearing. This would normally involve the submission of detailed evidence and could take 12 months or longer to reach a hearing. Once a Tribunal makes a finding on remedy, compensation will be awarded and the schemes amended as appropriate. Alternatively the parties might agree a remedy prior to any hearing.</p> <p>James then updated on the valuation results.</p> <p>A cost cap mechanism is built in to the FPS 2015 to control the costs. The target cost is 16.8% of pensionable pay. If the cost exceeds 2% of the target cost, action is required to worsen the scheme to the detriment of the members which could be for example by increasing member contributions or reducing the build-up (accrual) rate to bring the scheme back within the target</p>	

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<p>cost. Similarly, if the cost is 2% or more below the target cost cap, action is required to improve the scheme for the benefit of the members e.g. by reducing member contributions or increasing the build-up (accrual) rate.</p> <p>The cost of the FPS 2015 has been measured as 11.6%, 5.2% below the target. The Scheme Advisory Board had been discussing proposals on how to address this, but HM Treasury has suspended all cost cap rectification processes across the public sector because of the outcome of the McCloud case.</p> <p>This means that the employee contribution bands and percentages that were in place during 2018/19 will continue until further notice. Also, the build-up rate in the 2015 scheme continues as 1/59.7th of employee's pensionable pay during 2019/20. However, Fire Authorities must still pay the new increased contribution rates calculated in the valuation from 1 April 2019 onwards. The new rates were released last week. For the FPS 1992 and the Modified schemes, the employer contribution rate will increase from 21.7% of a member's pensionable pay to 37.3%. The FPS 2006 will go from 11.9% to 27.4% and the FPS 2015 will go from 14.3% to 28.8%.</p> <p>The new rates were predicted to cost ECFRS an extra £3m per year. HM Treasury agreed to fund 89% of the increase for 2019/20 meaning that this was predicted to cost ECFRS an extra £300k during 2019/20. Glenn is calculating the final forecasts for what this means for ECFRS. From April 2020, the amount of funding will be considered as part of the comprehensive spending review.</p> <p>If the Supreme Court upholds the findings of the Court of Appeal, as with a rejection of the application for a hearing, the matter would be referred back to the Employment Tribunal for a remedy hearing. We expect that the cost cap process will be re-run taking into account the remedy and any scheme amendments. Any remedy must compensate those members found to have been discriminated against and this may or may not be exactly in line with the benefits of protected members. Although, it is premature to speculate on the form any remedy might take should the Court of Appeal judgement stand.</p> <p>If the Supreme Court overturns the Court of Appeal judgment, the cost cap process is expected to resume and improvements made to the FPS 2015. It is not yet known whether these improvements would be backdated to April 2019. This would cause administrative problems for people who leave the scheme after April 2019 but before any cost cap rectification changes have been made.</p> <p>It is uncertain what Authorities should do for annual benefit statement projections in 2019. The view of the Fire Pensions Communications Working Group was that Authorities should continue to provide projections but these should carry health warnings. The risk is if Authorities do not provide projections, this will lead to an increase in pension forecast requests from scheme members.</p>	

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6	<p><b>Work-plan Activities for March 2019:-</b></p> <p><b>i) End of year Pension returns – submission / deadline dates</b></p> <p>The deadline for submitting the return is 30 April 2019. If data is submitted after this date, late submission charges are applicable.</p> <p>The return will require data from SAP from 1 April 2018 up to 31 December 2018 and data from Civica from 1 January 2019 to 31 March 2019, so will be more challenging to get the data out on time.</p> <p>Any members that have transitioned into the 2015 scheme during the year, require 2 lines to be completed on the spreadsheet:- 1 for information in the old scheme and the 1 for information in the 2015 scheme.</p> <p>The Board asked whether there had been any problems on Civica regarding pensions. James replied that there were no known problems relating to the Fire Schemes.</p> <p><b>ii) SLA / Shared Service Agreement</b></p> <p>Contract for 2019/20 with Essex County Council is in the process of being reviewed, then will arrange for signatures before being filed with Procurement.</p> <p>The following are targets for Essex Pension Fund within the SLA:-</p> <ul style="list-style-type: none"> <li>• The Essex Pension Fund will provide Event Report data to the Authority no later than the 31 December 2019.</li> <li>• Essex Pension Fund will calculate any Scheme Sanction Charge liability on behalf of the Authority (based on post April 2006 benefits only) and will forward the relevant details, in the form of a spreadsheet, to a nominated recipient at the Authority by 31 May 2019.</li> <li>• Essex Pension Fund will provide a standard annual benefit statement to active and deferred scheme members of the FPS, NFPS &amp; 2015 scheme in line with statutory requirements.</li> </ul> <p>The following are targets for ECFRS:-</p> <ul style="list-style-type: none"> <li>• Provide correct end of year returns no later than 30 April.</li> <li>• Ensure all necessary data relating to Events Reports is submitted to HMRC no later than 31 January 2020.</li> </ul> <p>Performance reporting, on such things as how many estimates, retirements, transfers in etc. are completed on time, are not being recorded at the moment.</p> <p>These will be agreed at a future date once Essex Pension Fund's system is capable of reporting performance against targets.</p>	

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	<p><b>iii) Data</b></p> <p>As at January 2019, Firefighter ‘common’ data held by Essex Pension Fund was scored at 97%. Common data is things like name, national insurance number, date of birth and address etc. The missing 3% is mainly due to incorrect addresses – where post has been returned. Since January, addresses of 38 scheme members has been updated. Data cleanse activities will continue through 2019.</p> <p>The data score has to be reported to the Pensions Regulator by end of November 2019 and they are expecting continuous improvement in this area.</p> <p>However, we still do not know what constitutes ‘scheme-specific’ data. The Scheme Advisory Board does not intend to issue instructions on this. More information is expected to follow at the ‘Data Workshop’ run by the Scheme Advisory Board on 3 April 2019. If no instructions are forthcoming, we will need to choose what data constitutes our ‘scheme-specific’ data. David mentioned this will also be limited by what software companies are willing to develop.</p> <p>The items on the work-plan for the next meeting are :-</p> <ul style="list-style-type: none"> <li>• TPR Public Service Governance and Administration Survey – Results discussed (carried forward)</li> <li>• End of year Pension returns – feedback/performance against target date</li> <li>• Auto Re-enrolment - strategy</li> <li>• Pension Board Annual Report to Service Leadership Team</li> <li>• National Fraud Initiative</li> </ul> <p><b>iv) TPR Public Service Governance and Administration Survey – Results discussed</b></p> <p>The report has not been released but is expected soon. Item to be carried over to the next meeting.</p>	
7	<p><b>Update on Guaranteed Minimum Pension reconciliation</b></p> <p>David updated the Board on the progress of the GMP reconciliation. There has not been a lot of progress since the last meeting.</p> <p>The reconciliation is split by the Scheme Contracting Out Number (SCON). For the FPS 1992, 1339 records have been fully reconciled. There remains 7 stalemate cases, 5 of which they cannot trace a record of the people ever being members of the Firefighter’s pension scheme with Essex. However, there is no actual GMP liability for these 5 people, so there is no risk of having to pay individuals that we don’t know who they are, a pension.</p> <p>The other 2 cases are where we believe there should be a GMP liability but HMRC say there is not.</p>	

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	<p>James was going to recommend that the delegated scheme manager sends an instruction to accept the 5 who are not our members, but continue to chase HMRC for the 2 that we should have a GMP for.</p> <p>The Board agreed with this approach.</p> <p>For the FPS 2006, including the Modified Scheme, and the FPS 2015 which all have a shared SCON, 1 is outstanding. This is where we should have a GMP liability as the person transferred in a previous pension with a GMP, but HMRC are saying there is no liability.</p> <p>We know who the scheme is and it is possible that the scheme has not completed their reconciliation meaning the GMP is stuck with them and has not been passed to Essex. We could get the member's permission to write to the scheme to hurry them up as David feels we could not contact the scheme without the permission.</p> <p>The Board resolved that we should write to the FPS 2006 member for permission to write to the scheme. James will take advice from the Service's data protection officer.</p>	<p>James to speak to Glenn regarding decisions on GMP reconciliation.</p> <p>James will take advice from the Service's DPO for the 1 remaining FPS 2006 case.</p>
8	<p><b>Update from Pensions Manager:-</b></p> <p>James gave the update from the Pensions Manager:-</p> <p><u>a) AON Survey</u></p> <p>Aon have been commissioned by the Firefighters' Pensions (England) Scheme Advisory Board to undertake an anonymous survey of the service scheme members receive in relation to their pension. The survey is about the frequency and quality of information they receive about their benefits, rather than how happy they are with the provisions of the scheme itself.</p> <p>This data will be collected by Aon to feed into a report to benchmark the standard of service across the Firefighters' Pension Scheme in England.</p> <p>This was publicised in the weekly e-brief on 11 February, 18 February and 25 February 2019. The closing date was 28 February 2019.</p> <p>AON have received around 4,000 responses in total. But, it is not yet known how many from Essex responded or when or how we will receive feedback on how our scheme members feel about the service they receive.</p> <p><u>b) Day Crew Pensions – Norman v Cheshire</u></p> <p>The payments to the 20 pensioners have now all been made.</p> <p>There is still 1 remaining reply still required from an active employee. Advice from delegated scheme manager to continue to chase.</p>	

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	<p>c) <u>18-20 Contribution Holiday update</u></p> <p>There remains one person who has still not claimed their payment.</p> <p>James will continue to chase.</p>	
9	<p><b>Update on training/training plan</b></p> <p>At the last meeting the board agreed to complete the Pension Regulator's module '<i>Maintaining member contributions</i>'. Not all board members completed the module, so James will send a reminder.</p> <p>The remaining module is '<i>Conflicts of Interest</i>'. James will email the link to the module.</p> <p>The Board requested earlier in the meeting for retirement scenarios to be the next training item. David will present this at the next meeting.</p>	<p>James will email the link to the TPR module.</p> <p>Board members to complete '<i>Conflicts of Interest</i>' (&amp; '<i>Maintaining member contributions</i>' if they have not already).</p>
10	<p><b>Any other business</b></p> <p>There was no other business and the meeting was closed.</p>	
11	<p><b>Date of next meeting</b></p> <p>The next meeting is on Wednesday 5<sup>th</sup> June 2019 at 1pm in meeting room FF33 at Kelvedon Park.</p>	