

Scheme Advisory Board

ACTIONS AND AGREEMENTS

SECOND MEETING HELD ON 26TH MAY 2016 AT LOCAL GOVERNMENT HOUSE, SMITH SQUARE, LONDON

PRESENT

Malcolm Eastwood	Chair
Cllr Maurice Heaster	Scheme Employer Representative (LGA)
Cllr Thomas Wright	Scheme Employer Representative (LGA)
Cllr John Fuller	Scheme Employer Representative (LGA)
Cllr Darrell Pulk	Scheme Employer Representative (LGA)
Cllr Rebecca Knox	Scheme Employer Representative (LGA)
Sean Starbuck	Scheme Member Representative (FBU)
Dave Limer	Scheme Member Representative (FBU)
Francis Bishop	Scheme Member Representative (FBU)
Samantha Rye	Scheme Member Representative (FBU)
Glyn Morgan	Scheme Member Representative (FOA)
Des Prichard	Scheme Member Representative (APFO)

Clair Alcock	LGA – Acting Board Secretary
Anthony Mooney	Home Office Observer

1. Apologies

Apologies were received from Cllr Jeremy Hilton, Cllr Philip Howson, Tristan Ashby and Marc Sherratt.

2. Conflicts of Interest

There were no conflicts of interest declared.

3. Notes from the last meeting

Terms of Reference

It was noted that the terms of references had been amended in line with the actions and this was included on the agenda for later discussion.

Any other business

The minutes were amended to reflect that Sean Starbuck had raised a concern in relation to how past service costs would potentially impact on the cost ceiling going forward.

For example, retrospective impact of the Norman v Cheshire judgement on pensionable pay.

Action – To ensure past service costs noted as a risk

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4. Chair's Update

Malcolm updated the group on two events he had attended the first the South Eastern regional group Local Pension Board training and the second the Eastern Region Fire Pension Officer Group.

South Eastern Regional Local Pension Board Training

This was hosted by Royal Berkshire Fire and attended by representatives from Buckinghamshire, Royal Berkshire, Oxfordshire, Hampshire & West Sussex.

Malcolm attended as both a member of Hampshire local pension board and as the chair of the Scheme Advisory Board, along with fellow scheme advisory board member Francis Bishop as a member of West Sussex Local Pension Board, which he'd found to be very useful.

Eastern Region Pension Officers Group

This was the quarterly regional group meeting and Malcolm had been invited to give an update on the Scheme Advisory Board. The session had a very useful presentation given by AON on managing risk

The board discussed commissioning advice on key governance risk factors in order to provide advice to Local Pension Boards. It was agreed some preparatory work needed to be done first and risk could be categorised in three areas

- **Governance risks**
This is complying with the code of practice, and other regulatory demands, ie annual benefit statements
- **Fire specific risk**
This is specific to the Firefighters' Pension Scheme, for example inconsistent interpretation of regulations.
- **Local risks**
This is local risks due to scheme manager decisions and discretions or local environment.

Action: To investigate and provide a paper for September board meeting detailing key risk areas for consideration by the board in order to publish advice to Local Pension Boards

Action: Write to Local Pension Board chairs inviting them to provide the Scheme Advisory Board with their concerns on local risk factors.

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5. Terms of Reference

The re-drafted terms of reference were presented to the Board and the following discussion points were raised:

Membership. This should clarify that the Chair is part of the board, and therefore has a vote

Action – Secretary to amend.

Substitutions. Requested clarification from Marc that members have the right to appoint substitutes without those substitutes being appointed by the Home Secretary

Action – Clarification to be sought

Decisions. In the event consensus is not achieved the board will vote. In the event of a vote, each member of the board will use one vote, in a tie position the position of the board will be recorded to the Secretary of State. The chair does not have a casting vote

Action – Secretary to amend.

Action An annotated and clean version of the terms of reference to be circulated.

6. Workplan and Budget

The board was asked to consider whether any additional items should be considered in the budget other than

- Staffing costs
- Board expenses
- Board business
 - Legal advice
 - Actuarial advice
 - Website and communications
 - Events
 - Commissioned Guidance

The minister will need to sign off the budget.

The budget should reflect cost savings to Fire Authorities

Action: The secretariat along with the Chair will submit a proposed budget to the Home Office for the submission to the Home Secretary.

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7. Pensionable Pay

It is noted that 'one size, fit's all' guidance cannot be issued on pensionable pay because an authority does need to consider specific circumstances of each case.

However it is acknowledged that there are still questions raised with regards to the results of the legal ruling of Norman v Cheshire, and questions on the nature of 'temporary' payments.

It is therefore proposed that the Scheme Advisory Board hold a pensionable pay workshop for authorities to consider the issues with refresher sessions on the regulations and legal judgments.

Action Agreed, Clair to progress based on a tentative date of 20th July 2016.

8. Conferences and events

Clair invited the Scheme Advisory Board members to add two dates to their diaries for a 2 day event at Smith Square on 10th and 11th October.

- Monday the 10th October

The Firefighters Technical Community meeting to be held from 2 til 4 pm.

From 4.30pm a round table discussion will be held for Pension Board Chairs and the Scheme Advisory board to meet with key advisers, followed by an evening drinks reception in our terrace lounge at Smith Square

- Tuesday 11th October

Firefighters Pension AGM, this event is for all those involved with the administration and management of the Firefighters Pension Schemes this will include main conference plenary sessions and workshop sessions.

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9. Training session

The presentation will be sent to the Scheme Advisory Board members

10. Any other business

1. Des Prichard raised a concern over advice on calculating annual allowance for members who had transitioned from the 1992 scheme to the 2015 scheme.

Clair shared the technical presentation she had been offering to administrators with examples of the annual allowance calculation. The calculation sheet is annexed to these minutes

2. Clair asked the board to consider whether guidance similar to FPSC2/2007 needed to be issued to clarify eligibility to the 2015 Pension Scheme under [rule 6 of the 2014 regulations](#).

Scheme employment

6.—(1) *For the purposes of these Regulations, a person is in scheme employment if that person is employed as a firefighter by an authority and satisfies the requirement in paragraph (2) or paragraph (3).*

(2) *A person who took up employment on or after 1st April 2015 satisfies the requirement in this paragraph where that person's role on taking up employment includes—*

(a) resolving operational incidents; or

(b) leading and supporting others in the resolution of operational incidents.

(3) *A person who is a transition member satisfies the requirement in this paragraph.*

(4) *The employer of a person in scheme employment is referred to in these Regulations as the "scheme employer".*

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The board considered the regulations and noted that the regulation is clear in its' intent and does not need guidance. Paragraph 1 confirms the person should be employed as a 'firefighter'. The regulations define 'firefighter' to be

"retained firefighter" means a person (P) employed by an authority—

(a) as a firefighter, but not as a regular firefighter or a volunteer firefighter,

(b) on terms under which P is, or may be, required to engage in fire-fighting or, without a break in continuity of such employment, may be required to perform other duties appropriate to P's role as a firefighter (whether instead of, or in addition to, engaging in fire-fighting),

(c) otherwise than in a temporary capacity, and

(d) who is obliged to attend at such times as the officer in charge considers necessary, and in accordance with the orders that P receives;

Noted Those who are employed within the definition of 'firefighter' only are allowed entry to the scheme

Date of next meeting

The date of the next meeting is noted to be the 7th September 2016 to be held at Local Government House

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Annex A

Annual Allowance Guidance

The formula:

- $(A \div 60) \times (B \div C) \times FS$ in line with [Part 2A continuous service pension](#)¹ for a transition member –

"A/60 x B/C x APP

Where—

APP is the person's average pensionable pay,

B is the period in years of the person's pensionable service until the day before his transition date,

C is the period in years of his pensionable service and of his 2015 pensionable service (subject to a maximum of pensionable service of 40 years²),

A is the sum of E + (F x 2) and must not exceed 40 years

Where—

E is the period in years of his pensionable service and of his 2015 pensionable service up to 20 years,

F is the period in years by which his pensionable service and his 2015 pensionable service exceeds 20 years."

But with the exception that rather than calculating A & C up to the normal retirement age, as you would for an ordinary retirement, you calculate these to the 5th April of the annual allowance year.

- A = the maximum 60ths accrued as at the annual allowance date (5th April 2016)
- C = Calendar years in 1992 & 2015 scheme up to the annual allowance date (5th April 2016)

¹ <http://www.legislation.gov.uk/ukxi/2015/589/schedule/3/paragraph/9/made>

² This will be amended to 30 years in the amending SI

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Annex A

An example:

The member:

Ann who joins the scheme at 1st April 1999 has 16 years' service at transition on 31st March 2015

At 5th April 2016

Total 1992 service = 16 years
Total service at 6th April 2016 = 17 years 5 days

$(A/60) * (B/C) * APP$

A = $17 \frac{5}{365}$

B = 16 years

C = 17 years 5 days

$(17 \frac{5}{365} / 60) * (16 / 17 \frac{5}{365}) * £20,000 = \mathbf{£5,333.33}$

At 5th April 2020 (after double accrual has occurred)

Total 1992 service = 16 years
Total service at 6th April 2016 = 21 years 5 days

$(A/60) * (B/C) * APP$

A = $22 \frac{10}{365}$

B = 16 years

C = 21 years 5 days

$(22 \frac{10}{365} / 60) * (16 / 21 \frac{5}{365}) * £20,000 = \mathbf{£5,590.61}$

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Annex A

	1992 service	Total Service	Pension for annual allowance	Growth	Annual Allowance
6th April 2016	16 years	17 years 5 days	$(17^{5/365} / 60) * (16 / 17^{5/365}) *$ £20,000 = £5,333.33	0.00	0.00
6th April 2017	16 years	18 years 5 days	$(18^{5/365} / 60) * (16 / 18^{5/365}) *$ £20,000 = £5,333.33	0.00	0.00
6th April 2018	16 years	19 years 5 days	$(19^{5/365} / 60) * (16 / 19^{5/365}) *$ £20,000 = £5,333.33	0.00	0.00
6th April 2019	16 years	20 years 5 days	$(20^{10/365} / 60) * (16 / 20^{5/365}) *$ £20,000 = £5,336.98	£3.65	£58.41
6th April 2020	16 years	21 years 5 days	$(22^{10/365} / 60) * (16 / 21^{5/365}) *$ £20,000 = £5,590.61	£253.63	£4058.06
6th April 2021	16 years	22 years 5 days	$(24^{10/365} / 60) * (16 / 22^{5/365}) *$ £20,000 = £5,821.20	£230.59	£3689.38
6th April 2022	16 years	23 years 5 days	$(26^{10/365} / 60) * (16 / 23^{5/365}) *$ £20,000 = £6,031.75	£210.55	£3368.75
6th April 2023	16 years	24 years 5 days	$(28^{10/365} / 60) * (16 / 24^{5/365}) *$ £20,000 = £6,224.76	£193.01	£3088.18
31st March 2024 (retirement)	16 years	25 years	$(30 / 60) * (16 / 25^{5/365}) * £20,000 =$ £6,400	£175.24	£2803.88