

# Scheme Advisory Board

## **ACTIONS AND AGREEMENTS**

### **SECOND MEETING HELD ON 26<sup>TH</sup> 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

# Scheme Advisory Board

## 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.

# Scheme Advisory Board

## 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.

# Scheme Advisory Board

## 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 20<sup>th</sup> 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 10<sup>th</sup> and 11<sup>th</sup> October.

- Monday the 10<sup>th</sup> 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 11<sup>th</sup> 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.

# Scheme Advisory Board

## 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 7<sup>th</sup> September 2016 to be held at Local Government House

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# Scheme Advisory Board

## Annex A

### Annual Allowance Guidance

#### The formula:

- $(A \div 60) \times (B \div C) \times FS$  in line with [Part 2A continuous service pension](#)<sup>1</sup> 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 years<sup>2</sup>),*

*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 5<sup>th</sup> April of the annual allowance year.

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

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

<sup>2</sup> This will be amended to 30 years in the amending SI

# Scheme Advisory Board

## Annex A

### An example:

#### The member:

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

#### **At 5<sup>th</sup> April 2016**

Total 1992 service = 16 years  
Total service at 6<sup>th</sup> 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 5<sup>th</sup> April 2020 (after double accrual has occurred)**

Total 1992 service = 16 years  
Total service at 6<sup>th</sup> April 2016 = 21 years 5 days

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

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

B = 16 years

C = 21 years 5 days

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



## Scheme Advisory Board

## Annex A

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