



**Nottinghamshire and City of Nottingham Fire and Rescue Authority
Policy and Strategy Committee**

**Minutes of the meeting held at Nottinghamshire Fire and Rescue Service Headquarters,
Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on 12 November 2021 from 10.02
am - 10.50 am**

Membership

Present

Councillor Michael Payne (Chair)
Councillor Sybil Fielding
Councillor Toby Neal (minutes 11-13)
Councillor Roger Jackson
Councillor Tom Hollis (substitute for Councillor Jason Zadrozny)

Absent

Councillor John Lee
Councillor Jason Zadrozny

Colleagues, partners and others in attendance:

Craig Parkin	Deputy Chief Fire Officer
Malcolm Townroe	Clerk and Monitoring Officer to the Authority
Becky Smeathers	Head of Finance and Treasurer to the Authority
Catherine Ziane-Pryor	Governance Officer

9 Apologies for Absence

Apologies were received from

Councillor Jason Zadrozny (Councillor Tom Hollis in attendance as a substitute)
Councillor John Lee
John Buckley, Chief Fire Officer

10 Declarations of Interest

No declarations of interests were made but it was noted that both Councillor Sybil Fielding and Becky Smeathers, Head of Finance and Treasurer to the Authority, are heavily involved in the Pensions Board, from which a report is submitted today.

11 Minutes

The minutes of the meeting held on 2 July 2021 (not 7 July 2021 as stated in error on the agenda) were confirmed as a true record and signed by the Chair.

12 Local Firefighter Pension Annual Report 2020/21

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which informs members of the activities of the Local Firefighter Pension Board and Scheme Manager up to 31 October 2021.

The following points regarding current pension issues were highlighted and questions from members responded to:

- a) following McLeod's finding that the 2015 firefighters pension scheme is age discriminatory, the case has been settled out of court and the Local Government Association (LGA) and Fire Brigades Union (FBU) have negotiated a memorandum of understanding and a framework agreement for handling immediate detriment cases;
- b) affected members of the 2015 pension scheme can be separated into two categories:

category one, members continuing to work up to retirement;
category two, members who have already retired and need a retrospective adjustment to their pensions;
- c) the Final Remedy Legislation should come into place in October 2023 but the courts have indicated that employers have a duty to address the age discrimination with immediate effect. Immediate Detriment is already being applied to category one members. Work to identify members in category two will start shortly;
- d) there is a risk that when the legislation finally comes into effect, it may slightly differ from the current proposal around which the framework was formulated, but if this is the case, the figures for any affected members will be reviewed;
- e) Central Government have provided a £63,000 grant, the majority of which is likely to be required by West Yorkshire Pension Fund (WYPF), which provides pension services to 21 Fire and Rescue Authorities, to update the pension system as currently calculations for individual cases are done by hand;
- f) there is concern regarding the required timescales for identifying people affected, which is predicted to be between 20 and 30 members, so NFRS are working to identify cases and forward them to WYPF;
- g) previously pension schemes included 1995, 2006, and then 2015, with some members nearing retirement, being moved onto the new scheme. However, as this took place on different dates, it was found to be discriminatory. All currently serving pension scheme members will change to the 2015 pension scheme as of 1 April 2022;
- h) there will be a financial impact on NFRS Payroll and HR as it has been necessary to authorise payroll overtime to complete the 'additional' work, the cost of which is predicted to be within the region of £5-6k but the ongoing costs cannot yet be quantified. An additional administrator in HR may be appointed to support the work (dependent on budget approval), with additional costs to NFRS from WYPF likely to be £2-3K, which in the circumstances, can be considered reasonable;

- i) nationally, it is not clear how the tax implications will be refunded in some cases. However, the framework expects Fire Authorities to make good any payments to retired members to cover the tax variation element. Members will receive an update once the position of NFRS in reclaiming tax and interest payments has been clarified;
- j) promotion can have an impact on pension benefit and so whilst there is uncertainty on the impact, there has been a slowdown in staff applying for promotion. This is predicted to continue until the pension situation is clarified, so there has also been an operational impact;
- k) as employer rates increased by 9%, and the cost of the scheme varied more than 2%, a review of the 2015 scheme cost cap mechanism has been undertaken and the results are out for consultation with the aim to prevent any unfair burden on the tax payers;
- l) as a result of the 'Matthews and O'Brien case' regarding discrimination of part-time workers, current and former employees engaged since 2000 onwards, could buy back pensions and join the 2015 scheme. There is a challenge that this is discriminatory on age, and it proposed that employees should be able to backdate membership from the date their employment started, and not just from 2000. The LGA and Central Government are now in discussions. It should be noted that if agreed, there will be a huge impact on the Authority due to GDPR requirements whereby the authority no longer holds information on employees from this period. A creative approach is required to identify those affected and those who will be eligible for the extra pension. It is likely to be a complex process as many staff transitioned from part-time to whole time. There is also likely to be an impact on when current affected staff may leave. It is not yet known how many individuals will be affected;
- m) Fire Service pensions operate differently to local authority pensions in that they are unfunded and so there are no pension fund investments. NFRS pays out between £8 - £10 million per year in pensions, but this is claimed back from Central Government;
- n) through the LGA, NFRS does benchmark the cost of administering pensions and has changed suppliers to more cost-effective options. Having previously appeared mid ranking on administration costs, the Service can now expect to be within the lower cost rankings against other services. The internal administration cost for pensions can be calculated and reported to the committee at a future meeting;
- o) Central Government has provided an additional grant of £2.3 million to cover costs of increased employer superannuation contributions following the 2016 revaluation, but the increased cost totals nearer £2.5 million, and so the service has to fund the difference. Whilst costs are increasing, the grant, which isn't guaranteed long-term, remains stagnant;
- p) nationally, £800 million is paid out in pensions annually, but only £300 million per year, is coming in as contributions.

Members of the committee;

- q) expressed concern at the additional and unknown costs, both currently and in future, including the potential necessity to increase staffing to help enable the 62 day response requirement to be met;

- r) acknowledged the complexity of the task ahead;
- s) welcomed that the FBU has embraced a collaborative approach and negotiated a memorandum of understanding and contributed to and agreed the formulation of the framework;
- t) suggested that it may be beneficial to share some previous committee reports on pensions with newly appointed members to the authority to provide the background to the current position of different schemes running concurrently.

Resolved

- 1) to take note of the activity of the pension board and pension scheme manager along with the update on current pension issues;**
- 2) to approve the adoption of the framework for managing immediate detriment issues, as attached as appendix C to the report;**
- 3) to record the huge thanks and appreciation of the Chair, Chief Fire Officer and the Authority to the pensions administrators, West Yorkshire Pension Fund, particularly Helen Scargill, for their hard work and support, and for a formal letter of thanks to be sent from the Authority.**

13 Constitutional Update

The Chair introduced the report which outlines the need to revise the current constitution to ensure it remains compliant with legislation, financial regulation and can meet the current and future needs of the Authority.

It is proposed that a draft revised constitution is produced by small working group consisting of the Chair, Chief Fire Officer, Clerk to the Authority and the Chief Fire Officer's Executive Support Officer identifying any elements in need of alteration or amendment. Members of the Policy and Strategy Committee will be asked to consider a final draft version prior to it being submitted to the Full Fire Authority meeting for approval.

Resolved

- 1) to approve the commencement of a review of the Authority's constitutional framework documents;**
- 2) for a working group to be established consisting of the Chair of the Authority (or vice-chair in the absence of the Chair), the Chief Fire Officer, the Clerk to the Authority, and the Chief Fire Officer's Executive Support Officer, to undertake the review;**
- 3) for an update report to be brought to a future meeting of the Policy and Strategy Committee.**

14 Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15 Exempt Minutes

The exempt minutes of the meeting held on 2 July 2021 were confirmed as a true record and signed by the Chair.