

Firefighters' Pension Scheme Advisory Board for Wales

28 February 2025

Microsoft Teams

<p>Actions from meeting on 03 November 2023</p> <p>Agenda Item 3 – Scheme Data</p> <ul style="list-style-type: none"> Secretariat to merge and analyse opt out data in order to ascertain whether there were clear trends emerging and provide an update at a future SABW meeting. 	<p>Ongoing. Work is currently underway to merge a period of opt out data so that trends can be more easily identified. An update will be provided at the next meeting.</p>
<p>Actions from meeting on 11 December 2024</p> <p>Agenda Item 3 – Welsh Government’s consultation on changes to the employee consultation on the employee contribution rate structure.</p> <ul style="list-style-type: none"> Secretariat to seek clarity from HM Treasury whether or not the scheme would be required to achieve the yield of 13.2% over a 3 or 4 year period and whether an implementation date of 1 July 2025 would be sufficient. 	<p>Complete. Confirmation received from HM Treasury on 11 March.</p>
<p>Meeting from 28 February 2025</p> <p>Agenda Item 3 – Response to the consultation on proposed amendments to the employee contribution rate structure within the FPS</p> <ul style="list-style-type: none"> Welsh Government to commission GAD to produce a further example which addressed concerns raised by Members. 	<p>Complete. A further example was commissioned which addressed the issues raised by SABW Members.</p>

<ul style="list-style-type: none"> Secretariat to circulate revised example once received from GAD in the view of reaching final agreement on the most appropriate option. <p>Agenda Item 8 – Any Other Business</p> <ul style="list-style-type: none"> Secretariat to seek member availability and arrange a further SABW meeting 	<p>Complete. An email attaching revised example was circulated to SABW Members on 7 April.</p> <p>Complete.</p>
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Note of Meeting

Present

Michael Prior

Chair

Employee Members

Ade Robinson
Tristan Ashby
Gareth Tovey
Mark Rowe
Stuart Millington

Fire Officers Association
Fire and Rescue Services Association
Fire Brigades Union
Fire Brigades Union
Fire Leaders' Association

Employer Members

Cllr Kim Broom
Cllr John Brynmor Hughes
Alison Reed

Mid and West Wales FRA
North Wales FRA
South Wales FRA

Others in attendance

Mark Miles
Kim Jeal
Nicola Westcott
Sarah Tilmann

Mid and West Wales FRA
South Wales FRA
Mid and West Wales FRA
Mid and West Wales FRA

WG Officials

Steve Pomeroy
Natalie Spiller

Welsh Government
Welsh Government

APOLOGIES

Rebecca Marfleet
Helen MacArthur

North Wales FRA
North Wales FRA

Mydrian Harries
Tara Atkins
Steffan Herdman

Mid and West Wales FRA
Local Government Association
Welsh Government

1. AGENDA ITEM 1 – WELCOME AND INTRODUCTIONS

1.1 The Chair welcomed everyone to the meeting, Members were informed that the meeting would be recorded in order to assist with the minutes and deleted following members agreement of their accuracy.

1.2 Apologies were presented for Rebecca Marfleet, Helen MacArthur and Mydrian Harries.

1.3 Members confirmed that they had no conflicts of interest to declare.

1.4

2. AGENDA ITEM 2 – NOTES FROM LAST MEETING AND MATTERS ARISING

2.1 The Chair referred to the notes of the previous meeting held on 11 December and invited members to agree them for accuracy. The note was agreed as a true record.

2.2 An update on the actions from the previous meeting and outstanding actions from earlier meetings was provided as a front page to the notes.

2.3 The Chair referred to an action from a previous meeting in relation to WASPI that had been outstanding for some time. Steve Pomeroy (SP) advised that a determination on entitlements to the state pension were not relevant to the firefighter pension scheme and thus could be disregarded and closed.

2.4 Natalie Spiller (NS) advised that as a result of competing priorities, the Secretariat had been unable to complete work to merge opt out data in order to identify any discernible trends. This would be completed as soon as possible, and an update would be provided at a future SABW meeting.

3. AGENDA ITEM 3 – RESPONSE TO CONSULTATION ON PROPOSED AMENDMENTS TO THE EMPLOYEE CONTRIBUTION RATE STRUCTURE WITHIN THE FPS

3.1 SP advised members that the consultation in respect of proposed changes to the employee contribution rate had now closed. The Board had discussed the consultation at the last meeting and a joint SABW response had been submitted to the Welsh Government. Members were advised that 18 responses had been received, which included comments from the FRAs and employee representatives in addition to individual firefighters.

3.2 In the main, the majority of respondents had noted and understood that the employee contribution rate needed to change in order to achieve the target yield and there was general support for the proposal to future proof the new structure by basing it on grade. However, a number of respondents, including the SABW, had expressed concerns that the example within the consultation had suggested a contribution rate which created large steps in the contribution rates between grades, this would potentially discourage firefighters from seeking promotion. In addition, respondents had commented that they felt that the increase in contributions should be spread evenly across the workforce and that it would be unfair to expect those at higher grades to bear the burden of disproportionately high contribution rates.

3.3 Following the consultation, the Welsh Government had commissioned the Government Actuary's Department (GAD) to produce a further example. The Secretariat had circulated a spreadsheet ahead of the meeting for members consideration. SP confirmed that the new option would be split into 4 tiers as proposed previously, however the contribution rate applied to each had now been applied equally across all four tiers (0.31% step) which ensured that all grades were contributing to the overall increase in contributions. Thus, tier 1 (firefighters and RDS firefighters) would be paying a contribution rate of 13.0%, tier 2 (watch manager / crew manager) would pay a rate of 13.31%, tier 3 (group manager / station manager, a rate of 13.62% and lastly tier 4 (area manager and above) would pay a contribution rate of 13.93%.

3.4 SP advised that if the Board agreed, the option would be adopted and amending Regulations would be introduced to amend the scheme rules. SP reiterated that the Welsh Government had did not have any strong views on which option was adopted. Members were advised that Welsh Government lawyers were on track to introduce the new structure from 1 July, however, there was flexibility for the commencement date to be delayed slightly to allow more time for payroll systems to be updated if required. However, SP added that the longer the delay in introducing new rates there was a risk that HM Treasury would state that the scheme was not covering the full period of the valuation cycle, and in order to achieve the target yield the rates might need to be increased again, possibly by 0.1%. Thus, it was important to agree on an option and introduce the amending regulations as soon as practicably possible.

3.5 Members expressed concern that the new example still showed group managers as paying a higher contribution rate than crew managers. SP advised that this was a result of the tiers being increased from three to four and an equal increase of 0.31 % being applied across all tiers. Members felt that the contribution rates as set out in the revised example needed some further work in order to reduce the steps between tiers.

3.6 In addition, Kim Jeal (KJ) also queried whether it was fair for RDS firefighters to pay lower contributions than a wholetime firefighter of the same grade. SP clarified that the Welsh Government had proposed to place all RDS staff in tier 1 as they were, along with basic firefighters, the lowest paid scheme members and if they were required to pay the same contribution rate as their wholetime counterparts they would be paying a significantly higher proportion of their pay for lower pension benefits.

3.7 Stuart Millington (SM) added that he was content with the current option as it achieved the aim of smoothing out the disproportionate steps between the tiers but also retained the key principle of progression, whereby the lowest paid scheme members pay less contributions than firefighters at a senior level.

3.8 Cllr Kim Broom (KB) added that the current example showed a reduction in the contribution rate of roughly 0.6% for Chief Fire Officers from what had been applied under the current structure. She expressed concern that this may not be viewed as fair when all other grades had seen an increase in the rate applied. SP advised that this was not the intention when calculating the example figures, officials would discuss this point with GAD.

3.9 SP advised that as employee contribution rates were a protected element of the pension scheme, the Welsh Government were obliged to consult with representatives of the scheme with the view of reaching agreement. Therefore, the Welsh Government would commission a further calculation from GAD which addressed the concerns raised by the Board. SP reiterated though that the longer it took to reach agreement the more likely it would be that the rates would need to be increased to meet the yield for the full valuation cycle.

3.10 Members agreed that a further example was required which increased the rate for tier 1 to 13.1% and all other tiers adjusted accordingly to meet the target yield. In addition, a further tier should be added which included Assistant Chief Fire Officers / Deputy Chief Fire Officers and Chief Fire Officers. SP advised that officials would email members with the revised iteration together with the version presented at the meeting in order to reach a final agreement on which approach should be adopted.

Action: Welsh Government to commission GAD to produce a further example which addressed concerns raised by Members.

Action: Secretariat to circulate revised example once received from GAD in the view of reaching final agreement on the most appropriate option.

4. AGENDA ITEM 4 - UPDATE ON SARGEANT / MCCLOUD IMPLEMENTATION

4.1 The Chair invited an update from the FRAs on progress on implementation of McCloud remedy.

4.2 KJ provided an update on behalf of North and South Wales FRA. She confirmed that both Services had been making good progress, however, it was unlikely that they would meet the required deadline of 31 March and there would subsequently be scheme members that would not have received their Remedial Service Statement on time. She advised that the FRAs were currently prioritising ill health retirements and tapered and unprotected retirees as they were most likely to have received the most financial detriment. Both FRAs were also processing RSSs in respect of active scheme members.

4.3 KJ explained that the pension scheme administrators had encountered some issues around completing an RSS that included retrospective calculations in respect of scheme members who had already retired. As the software didn't cater for this all

calculations were required to be done manually. Thus, the process was taking significantly longer to complete, up to a day for each in some instances, particularly those that had been paused pending further guidance from HMRC in respect of offsetting. This delay was further compounded by the fact that the administrators were under resourced and didn't have enough staff to deal with the volume of work required under the Regulations.

4.4 Members were advised that KJ had been working closely with the administrators to amend the text on the RSSs to ensure they complied with the Welsh Regulations in respect of repayment of contributions. KJ confirmed that deferred members and fully protected retirees would not be receiving their RSSs by the 31 March, discussions with the administrators were due to take place in the coming weeks to agree an achievable deadline. Letters would then be sent to those scheme members advising them of the new deadline, the action taken to report the breach to TPR and also what steps were being implemented to ensure adherence with the new deadline.

4.5 KJ confirmed that the FRAs would self-declare the breach to TPR in March once they were aware of the exact number of RSSs that were not issued to each cohort. At present, KJ confirmed that across both services there were 88 RSSs in respect of ill health members, 125 tapered / unprotected and 1,269 in respect of active members still to be issued.

4.6 Sarah Tilman (ST) advised Members that Mid and West Wales FRA had also made progress on implementing the remedy, their administrators had processed immediate choice RSSs for the ill health and deceased cohort; however, the administrators were struggling to calculate tax implications on some cases which had resulted in some delay. She advised that Mid and West Wales FRA would be meeting with the administrators in the coming weeks to discuss the number of outstanding RSSs and a likely timescale for issuing the statements. The FRA would then issue a letter to scheme members advising them of the new deadline.

4.7 Gareth Tovey (GT) queried whether administrators were unable to make adjustments and payments to eligible scheme members who had already received their RSSs. KJ confirmed that at present, administrators did not have the resource to make payments and were struggling to cope with the workloads of both O'Brien and McCloud remedy. Unfortunately, the considerable workload and lack of resources was unavoidable and was likely to continue for some time. Mark Rowe (MR) expressed concern that this would create significant unrest amongst scheme members. SP reminded members that both the FRAs and administrators were working hard as possible to ensure remedy was fully implemented as soon as practicably possible.

5. AGENDA ITEM 5 – UPDATE ON O'BRIEN IMPLEMENTATION

5.1 KJ confirmed that North and South FRA were collating salary and service information on eligible individuals. Across both FRAs, to date, 1,100 individuals had been identified as being eligible for option 2, 550 expressions of interests had been received, 130 calculations had been issued to eligible members and 40 individuals had elected to purchase service.

5.2 Members were advised that although good progress was being made, administrators were struggling to juggle the amount of work required to make pension payments in respect of O'Brien as they were also having to prioritise RSSs in relation to McCloud remedy. Members were advised that the Welsh Government would be consulting on further amendments to the 2007 Scheme Regulations which would mirror those introduced by England, this would include a 12-month extension to the deadline. A progress update would be provided at the next SABW meeting.

5.3 ST confirmed that Mid and West Wales FRA had issued all calculations to eligible scheme members, a couple of calculations involving ill health retirements were currently with GAD for processing. Calculations in respect of deferred benefits would be issued in March.

6. AGENDA ITEM 6 – LOCAL PENSION BOARD UPDATE

6.1 The Chair invited NS to provide a brief update on points of interest that had been included in recent Local Government Association ("LGA") bulletins. NS advised that the LGA would be holding a Local Pension Board Training sessions on the 17 September and 22 January 2026 which may be of interest to new Local Pension Board Members. In addition, the LGA would also be holding a refresher training session on the 11 February via MS Teams.

6.2 NS also informed Members that GAD were in the process of finalising McCloud divorce guidance, however, GAD could assist in providing guidance on pension debit cases if required.

6.3 The Chair invited FRA officers to provide an update from recent FRA.

- **Mid and West Wales FRA** – ST informed members that a Local Pension Board meeting had been held in November. At the meeting, members had been provided with a report on the Pension and Payroll Audit and an update on age discrimination remedy. In addition, a special Local Pension Board meeting was held in January to consider the response to the consultation on proposed amendments to the employee contribution rate structure. Members were also provided with training on the function of the pension ombudsman. ST also advised that the current chair's term would end on the 31 July, the FRA were currently in the process of recruiting a replacement.
- **South Wales FRA** – Alison Reed (AR) informed members that Local Pension Board meetings had taken place on 3 July and 24 October. Alongside the standard items, members received an update on the latest position in relation to McCloud and the number of cases processed. An addition, an update was also provided the current position with regard to O'Brien and the Pensions Dashboard Programme. AR informed that the Board had appointed a new Chair and during the meeting LPB members had reviewed the Terms of Reference as set out in the Members Handbook. In addition, new members were advised to undertake the public sector toolkit online training. The Board also reviewed the risk register and complaints that had been received. Members also joined the pension ombudsman training that had been organised by Mid and West Wales FRA. AR further advised that South Wales

FRA had received a complaint from a scheme member in respect of McCloud remedy and anticipated that further complaints were likely in the future.

- **North Wales FRA** – SM advised members that Local Pension Board meetings had been held on 1st October, 30th January 2025. He confirmed that the Board had received an update on scheme membership and also current legal matters, specifically the McCloud judgment and O'Brien judgment. It was noted that significant pressures were being experienced in administering the required changes. SM confirmed that all cases were being prioritised but it was highly unlikely that the statutory deadline for issuing remedial service statements to all persons in scope would be achieved. In addition, the LPB discussed the online pensions dashboard which was being created to provide members with easier access to pension information.

7. AGENDA ITEM 7 – BOARD MEMBERSHIP

7.1 SP informed members that Michael Prior would be standing down from his role as Chair in March. Steve thanked Michael on behalf of the Welsh Government and the SABW for his service over the past 10 years.

7.2 Members were advised that the Welsh Government had also reviewed the Board's membership more generally. Firstly, chairing of the Board would be brought in house and Mike Connolly, Deputy Director for Community Safety within the Welsh Government would commence the role of Chair with effect from the next SABW meeting. Mike Connolly introduced himself to the Board and advised Members that he looked forward to working with them in the near future.

7.3 Secondly, as the Board's function was to advise on technical pensions matters, officials felt that the Board would be more effective if the employer's interests were represented by FRA officers rather than local authority members, as they possessed greater technical pensions knowledge. This decision had been agreed by the Cabinet Secretary for Housing and Local Government and letters would be issued to councillors, thanking them for their service, in due course. SP advised that local authority members would be very welcome to continue to join future SABW meetings as observers if they wished. The change in membership would also be effective from the next SABW meeting.

7.4 The Chair extended his thanks to Cllr Broom and Cllr Hughes for their contributions during their periods of service on the Board.

8. AGENDA ITEM 8 – ANY OTHER BUSINESS

Pensions Dashboard

8.1 NS advised members that TPR had published updated pensions dashboard guidance on their website. In addition, on 8 January 2025, the Pensions Dashboards Programme published a blog on the draft reporting standards. The blog explained what the standards were and the updates made to them on 19 November 2024.

Next Meeting

8.2 A further SABW meeting will be scheduled early Summer. The Secretariat would contact members in due course to ascertain Member availability.

Action: Secretariat to seek member availability and arrange a further SABW meeting.