



## Appendix 4

Andrew Cornelius  
Department for Communities and Local  
Government  
The Firefighters' Pension Team  
SE Quarter 2<sup>nd</sup> Floor  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

Our ref: See below  
Enquiries to: Lynne Swift  
Ext no: 279  
Direct line: 01296 744679  
Fax no: 01296 744600  
Date: 3 November 2014  
E-mail: lswift@bucksfire.gov.uk

Dear Andrew

### **Consultation response to the Firefighters' Pension Scheme 2015: Proposals for new governance arrangements**

I am writing on behalf of Buckinghamshire and Milton Keynes Fire Authority (BMKFA) in response to the consultation on the Firefighters' Pension Scheme 2015: Proposals for new governance arrangements. The main response points are set out for consideration.

The questionnaire contains a number of loaded questions and is presumptive of the fact that we would support the creation of the local Pension Boards. We are not supportive for reasons which are outlined below.

The proposals appear to be mirror governance arrangements for schemes where funds need careful, detailed management. Firefighters' Pension Schemes are unfunded, unlike other public sector pension schemes. The consultation seems to overlook that there are significant differences between the Firefighters Pension Schemes and the Local Government Pension Scheme (LGPS). The existence of a pension "fund" is a notable difference, which renders the proposed "local management" proposals for the Firefighters' Pension Scheme 2015 impotent.

The creation of a national Advisory Board may be useful but would seemingly have been more relevant if established before the government made significant and controversial reforms to the firefighters' pension provisions. Furthermore, the government seems to have been entirely unmoved by any responses or advice offered by consultees following the Hutton report in 2011 or any other proposals around the Firefighters Pensions Schemes. This forces the question - Why should Fire Authorities have any more confidence that these new boards would be any more influential? Consideration should be given to the inclusion of

#### **Chief Fire Officer: Mark Jones**

Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744434 Fax: 01296 744419



representatives from Fire and Rescue Authorities, i.e. practitioners, in order to provide complementary expertise to the Board.

In terms of responsibilities, it is unclear what a local Pension Board would administer or oversee the management of. The creation of over 40 local Boards seems burdensome. It is difficult to ascertain from the current consultation document whether the extra investment is of value, especially when it is also not clear the levels of decision making powers of the local Pension Boards. It may be challenging for Fire Authorities to get enough interest from suitably skilled and knowledgeable candidates to achieve the right membership on the local Pension Board. A more cost effective governance model could be considered; for example setting up an inspectorate type scrutiny or consider evolving towards one single Firefighters' Pension Scheme 2015 administration body with arrangements similar to the Teachers Pensions Agency (TPA).

The principles of "cost-capping" are understood as is the desire to share risks between scheme members and taxpayers but these proposals in the consultation do little to allow such a mechanism to operate. The recent adjustments to public pensions have, for example, been enacted because of the poor performance of HM Government in administering controls on public expenditure. To make changes to public sector worker's pensions on the grounds of the country's economic performance and the consequent "affordability" and then subsequently state that risks should be shared between taxpayers and scheme members (all of whom are also taxpayers) seems unfair.

Scheme members have no ability to influence the actions of scheme governors and these proposals do nothing to effectively enhance the ability to do so. As such, the proposals seem to create some added administration which allows the government to shift some risk to local government without allowing them the controls which would allow them to fairly be accountable for the management of those risks.

Section 4.A of the draft regulations seems to highlight all that is wrong about the proposed approach. It is proposed to legislate for local Pension Boards to assist with ensuring legislative compliance. It is not proposed however to make it responsible for managing or investing the funds related to meeting pension commitments. Oversight of compliance with any regulations would be far more appropriately exercised by HM Government through the officers of a properly constituted and resourced inspectorate.

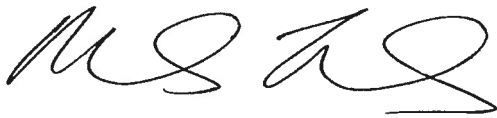
If there are over 40 Fire Authorities all required to do the same thing with regards to set-up, training and running of local Pension Boards, has provision for this been made? Training investment alone could be significant.

**Chief Fire Officer: Mark Jones**  
Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744434 Fax: 01296 744419

Overall the proposed governance arrangements seem to have little regard for the significant impact on Fire Authorities. The proposals raise many questions and the benefits of the proposed approach seem few, introducing a huge administrative burden and bureaucracy.

Pensions are a critically important issue for our staff. Of course every effort should be made to ensure proper governance. Value adding changes must be introduced in a thoughtful way, and so far the proposals seem neither value adding or properly thought through.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M J Jones', written in a cursive style.

**Mark Jones**  
**Chief Fire Officer**

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