



AGENDA ITEM: 10

NORTH WALES FIRE AND RESCUE AUTHORITY

19 December 2016

Firefighters Pension Schemes Local Pension Board – Annual Report 2015/16

Report by Dawn Docx, Deputy Chief Fire Officer

Purpose of Report

- 1 To present to members the annual report of the Local Pension Board which details the work of the board during the last financial year. The annual report is attached at appendix 1.

Information

- 2 The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013. The Act provides for clearer governance arrangements with specific defined roles, the publication of more information on a consistent basis, and administration practices in line with those in the private sector.
- 3 The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pensions came into force on 1 April 2015. These regulations required the Fire and Rescue Authority (NWFRA) to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1 April 2015.
- 4 The role and remit of the Local Pension Board is to assist North Wales Fire and Rescue Authority in its capacity as scheme manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. In order to improve transparency, NWFRA is required to publish the annual report of its Local Pension Board.

Recommendation

- 5 That Members approve the local pension board annual report 2015-16 for publication on the Authority's website.

**North Wales Fire and Rescue Service
Firefighters' Pension Scheme**

**Local Pension Board
Annual Report
2015-16**

Contents

	Page
1. Background	3
2. Role and Remit	4
3. Constitution and Membership	4
4. Code of Conduct and Conflicts Policy	5
5. Knowledge and Understanding	6
6. Reporting Breaches of the Law to the Pensions	8
7. Work Programme 2015-16	8
8. Work Programme 2016-17	9
9. Key Officers supporting the Local Pension Board	9

Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board. In the case of the Firefighters' Pensions Scheme, the role of the Board is to assist the Scheme Manager (North Wales Fire and Rescue Authority): to secure compliance with:

- the relevant regulations;
- any other legislation relating to the governance and administration of the Scheme ; and
- the requirements imposed by the Regulator in relation to the Scheme and
- to ensure the effective and efficient governance and administration of the Scheme.

The Local Pension Board is expected to complement and enhance the Authority's existing arrangements for managing the scheme. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Authority and its officers when they act in the capacity of scheme manager.

The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pension came into force on 1st April 2015. These regulations required the Authority to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1st April 2015. In this context, established means that the Authority, as Scheme Manager, had to approve the creation of the Board and agree its composition and terms of reference in accordance with its constitution. It did not mean that the Firefighters' Pension Scheme Local Pension Board had to be fully operational by that date.

However, it was anticipated that all Local Pension Boards should be operational within a reasonable period after 1st April 2015, and certainly by the end of July of that year. The North Wales Firefighters' Pension Scheme Local Pension Board was established by the Authority on 20 April 2015 when it held its first meeting.

Role and Remit

The role and remit of the Local Pension Board is to assist the Authority in its capacity as Scheme Manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that the Authority has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere. It is a slightly different role when compared to the (separate) Board charged with overseeing the Local Government Pension Scheme arrangements as the Firefighters' Pension Scheme is an unfunded scheme with no investment aspect.

Constitution and Membership

At its first meeting the Local Pension Board approved the terms of reference for the Firefighters' Pension Scheme; a copy of the documents is available at the following link:

<http://www.nwales-fireservice.org.uk/media/1253/local-pension-board-tofr.pdf>

In order to ensure they are fully representative, all Local Pension Boards must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting in April 2015, the Authority agreed to establish a Firefighters' Pension Scheme Local Pension Board with three employer representatives and three scheme member representatives. The term of appointment for all members is three years or until qualification for membership ceases.

Membership of the Local Pension Board 2015-2017

Employer:

Four members of North Wales Fire and Rescue Authority, namely, Cllr Brian Dunn, Cllr Delyth Macrae, Cllr W Tudor Owen, Cllr J Rodney Skelland. Clerk to the Authority, Treasurer of the Authority.

Scheme Manager:

Two representatives from each representative body officially associated with the NWFRA: Fire Brigades Union - Shane Price and Sandra Williams; Fire Officers' Association - Geraint Hughes and Paul Scott; Association of Principal Fire Officers - Richard Fairhead and Ruth Simmons.

Chair of the Board

The Chairperson of the Local Pension Board will be rotated every two years between a member representing employers and those representing scheme members.

Cllr W Tudor Owen has been elected Chair for the first two year period, 2015-2017. The Chair is nominated to sit on the National Firefighters' Pension Advisory Board.

The Board has met two times during the period of this annual report.

Code of Conduct and Conflicts Policy

The Authority, as Scheme Manager is required to prepare and approve a code of conduct for the Board to adopt. This code has to set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles). The elected and co-opted members of the Authority are governed by the code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors or co-opted members. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board. At its meeting in November 2015, the Firefighters' Pension Scheme Local Pension Board formally agreed to adopt the Authority's Code of Conduct for all members of the Board.

Aside from the provisions of the Authority's Code of Conduct, for the purposes of the members of the Local Pension Board, a 'conflict of interest' is defined in section 5(5) of the Public Service Pensions Act 2013 as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a Local Pension Board (although that does not include a financial or other interest arising by virtue of that person being a member of the Firefighters' Pension Scheme). The Pensions Regulator recommended that all administering authorities put in place a Conflict of Interest Policy for the operation of their new local pension boards. The Firefighters' Pension Scheme Local Pension Board duly agreed a detail Conflicts Policy at their meeting in November 2015. A copy of the policy can be found here:

<http://www.nwales-fireservice.org.uk/media/337270/conflict-of-interest-policy-adopted-301115.pdf>

It is not anticipated that significant conflicts of interest will arise, particularly as the Firefighters' Pension Scheme has no investment aspect. However, officers will take steps to identify, monitor and manage conflicts in accordance with the policy.

Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Firefighters' Pension Scheme; and
- any document recording policy about the administration of the Scheme which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

The Authority is required to make appropriate training available to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training.

The Local Pension Board is required to keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps.

It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund's Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time. A schedule detailing the training undertaken by Local Pension Board members is detailed below:

Date	Training	Attendees
30/09/14	Awareness session on Governance Arrangements (all-Wales event held in Llandrindod Wells)	Cllr J R Skelland; Cllr B Dunn D Docx, Deputy Chief Fire Officer; J Brown, Pensions Manager;
20/04/15	Introduction to FPS92, NFPS 2006 and 2015 Scheme.	Cllr W T Owen; Cllr B Dunn; Cllr D A Macrae, Cllr J R Skelland; M Hough and P Scott, Fire Officers' Association; S Williams, Fire Brigades Union
30/11/15	Communication	Cllr W T Owen; Cllr D A Macrae; Cllr J Rodney Skelland; K Finch, Treasurer; D Docx, Deputy Chief Fire Officer; J Brown, Pensions Manager; R Simmons, Association of Fire Principal Officers; G Hughes and P Scott, Fire Officers' Association; S Williams, Fire Brigades Union,

Reporting Breaches of the Law to the Pensions Regulator Policy

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its awareness session in November 2014, the Firefighters' Pension Scheme Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), guidance was available on the Pension's Regulator's website which set out the mechanism for reporting breaches of the law. The guidance ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

<http://www.thepensionsregulator.gov.uk/codes/code-reporting-breaches.aspx>

Work Programme 2015-16

The Local Pension Board has met two times in 2015-16 on 20 April 2015 and 30 November 2015. As a statutory requirement, members of the Local Pension Board have been provided with regular legislative updates.

Board Meeting – 20 April 2015

Confirmation of membership and appointment of the Chair

The Board considered its Terms of Reference

The Board discussed the principle of developing a policy on scheme discretions and conflicts of interest.

Training – introduction to the current three pension schemes

Scheme discretions

Board Meeting – 30 November 2015

The Board reviewed and agreed the Conflicts of Interest Policy and undertook the training module provided by the Pension's Regulator

Presentation on the importance of communication

More detail is available in the agendas and minutes of the above Board meetings which can be accessed via following link:

<http://www.nwales-fireservice.org.uk/fire-and-rescue-authority/local-pension-board/?lang=en>

Work Programme 2016-17

The Firefighters' Pension Scheme Local Pension Board maintains a work programme which is considered at every meeting. Now that the Board is established and members have completed a number of training activities it will begin to select topics for in-depth analysis with a view to making recommendations to the Fire and Rescue Authority as and when necessary.

The Work Programme for 2016-17 is as set out below:

Review of Terms of Reference and consideration and agreement of the Annual Report for 2015/16

Ongoing training sessions – Conflict of Interest; Managing Risk and Internal Control

Presentations on Norman V Cheshire court case

Key Officers supporting the Local Pension Board

Deputy Chief Fire Officer – Dawn Docx

Head of Finance - Julie Brown