



NOTTINGHAMSHIRE

Fire & Rescue Service

Creating Safer Communities

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

LOCAL FIREFIGHTER PENSION BOARD ANNUAL REPORT 2016/17

Report of the Chief Fire Officer

Date: 28 April 2017

Purpose of Report:

To report to Members on the activities of the Local Firefighter Pension Board up to 31 March 2017.

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1. BACKGROUND

- 1.1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The Act included the requirement for a Local Pension Board to be established by each responsible Authority.
- 1.2 In April 2015 this Committee approved the creation of a Local Pension Board in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013 (the Act). The report to the Policy and Strategy Committee referred to the ambition at that time to create a joint Local Pension Board with Leicestershire and Derbyshire Fire Authorities at some point in the future, so the approval was given to create a local Board for Nottinghamshire Fire Authority as an interim arrangement. This Board is known as the Local Firefighter Pension Board and has been operating ever since.
- 1.3 The purpose of the Local Firefighter Pension Board is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (the Fire Authority) in its role as the Scheme Manager of the Firefighters Pension Schemes: 1992, 2006, 2015 and Retained Modified. Such assistance is to:
 - a) secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme,
 - b) ensure the effective and efficient governance and administration of the Scheme.
- 1.4 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Act. The day to day responsibilities of the Scheme Manager are delegated to the Head of Finance post and this report therefore serves to communicate to the Fire Authority about the activities of the Local Firefighter Pension Board to date.

2 REPORT

CONSTITUTION

- 2.1 A constitution for the Local Firefighter Pension Board was approved by the Policy and Strategy Committee at the time that the Board was created. Since then the Local Firefighter Pension Board has approved a number of changes to the Constitution which can be summarised as:

- 2.1.1 The addition of two substitute Board members, to help ensure that a quorum can be achieved at each meeting and also to support succession planning.
 - 2.1.2 The opening of Board meetings to the public, and the separation of the agenda into part one for all non-confidential items, and part two for confidential items after the public have left the meeting. This is to promote transparency and assist with the communication of pension matters to scheme members.
 - 2.1.3 Clarification of the relationship between the Board and the national Scheme Advisory Board and the need to keep the Fire Authority informed of any new requirements of it.
- 2.2 The current constitution is attached as Appendix A.

FORMAT OF MEETINGS

- 2.3 The first meeting of the Board was in September 2015 and there were three meetings in 2016. In the current year there has been one meeting so far. Although the meetings are now publicly advertised on the Authority's website there have been no members of the public attending meetings to date. The meeting agenda and papers, together with the minutes of the previous meeting, are published on the Authority's website one week prior to the meeting date.
- 2.4 Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Firefighter Pension Board's Conflicts of Interest Policy.
- 2.5 A Corporate Administrator attends each meeting to take minutes.
- 2.6 At the end of each meeting there is usually a training session for Board members on an aspect of pensions.

BOARD MEMBERSHIP

- 2.7 As set out in the constitution, there is an equal number of employer and employee representatives on the Board and there is now also one substitute member for each side. Substitute members are encouraged to attend meetings as observers, and they are able to act as Board members in the absence of one of the full members. Substitute members are also invited to attend training sessions and this helps to improve knowledge and understanding of pensions issues.
- 2.8 The Chair of the Local Firefighter Pension Board was initially a representative from the employer's side but is currently a representative from the employee's side. The requirement to rotate the appointment of Chair is set out in the constitution.

TRAINING

- 2.9 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member. In 2015, when local Fire Pension Boards were in the process of being set up, the Local Government Association (LGA) hosted a series of training events which provided an introduction to the role of Local Pension Boards. All of Nottinghamshire's Board members at that time attended this training.
- 2.10 Since then there have been a number of training sessions delivered to the Board, including: regional training presented by the LGA's fire pensions adviser; the opportunity to attend the annual LGA Fire Pensions Conference; training presented by the Authority's pension administrator and training presented by the Scheme Manager.
- 2.11 Membership of the Board has changed due to the retirement of one Board member and one to one training for new Board members and substitute members has been provided by the Scheme Manager, focussing on key areas concerning pensions.
- 2.12 Each Board member has completed a training needs analysis and the Board has a Training Policy. A record of all training is maintained by the Scheme Manager and a copy of the latest Training Record is attached at Appendix B.

BOARD ACTIVITY

- 2.13 Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.
- 2.14 Some regular reports to the Board have been developed and these are:
- 2.14.1 There is now a report presented to each meeting entitled "Pension Metrics", which includes statistical information about pension scheme membership and comparative data with the previous period, and enables the Board to be kept informed about the numbers of pension scheme members (active, deferred and pensioner members) as well as other information such as numbers of employees opting out of the pension schemes;
- 2.14.2 A report on the pension fund financial position at the end of the year is presented to the next Board meeting following the financial year end, and this gives the Board the financial context for the pension schemes;
- 2.14.3 At most meetings there is a report presented entitled "Current Pensions Issues" which provides the Board with the latest information on areas of significant pension work, and includes both local and national issues. As well as enhancing the knowledge and understanding of Board

members, this regular report serves to prompt discussion at the Board about the impact of issues on pension scheme members and about how workloads are being managed. This helps to achieve the Board's purpose of securing effective governance and administration as set out in paragraph 1.3 above.

- 2.15 The Local Firefighter Pension Board has its own risk register covering risks arising from pension governance and administration. The risk register is reviewed regularly by the Scheme Manager and is presented to the Board whenever it has changed, with the amendments highlighted. This allows the Board to keep track of the key risks and the control measures designed to manage those risks. In 2016 there was an internal audit of pension administration (this is identified as one of the control measures in the risk register), and the audit report arising from this work was presented to the Board.
- 2.16 Other areas of governance which have been discussed at Board meetings include:
- 2.16.1 Employer discretions under the firefighter pension schemes. A list of discretions has been presented to the Board for information, and the process by which Officers make decisions about discretions has been explained.
- 2.16.2 The Board was kept informed of progress towards sending the first Annual Benefits Statements to members following the introduction of the 2015 Firefighter Pension Scheme. This work was problematic and the Statements were eventually sent two months after the statutory deadline, which was a breach of the Pensions Act 2013. The Local Firefighter Pension Board discussed this issue and agreed that the breach should be reported to the relevant parties, which it was. This matter was the subject of a full report to the Policy and Strategy Committee in November 2016.
- 2.17 As set out in paragraph 1.1 above, the original intention of the Nottinghamshire, Leicestershire and Derbyshire Fire Authorities was to work towards operating with a single, regional Local Pension Board. In March 2016 this matter was discussed by the three Local Pension Boards at a regional training event and it was agreed at that time that all three Authorities would continue for now with separate Boards but that this would not preclude further discussions on the subject at a later date.
- 2.18 The Fire Authority currently has two elected Members who are also members of the national Scheme Advisory Board (SAB) and this means that in addition to the formal flow of communication between the Chair of the SAB and the Chair of the Local Firefighter Pension Board, there is also an opportunity for informal communication between the SAB and the Fire Authority as Scheme Manager.

- 2.19 The Local Firefighter Pension Board is now well established and has made good progress in improving the knowledge and understanding of the Board about pension issues, and in ensuring that governance and administration of pensions is carried out effectively. It is recognised that further work must be done to communicate with pension scheme members about pension issues and to raise the profile of this important subject. This will be included in the work of the Board over the forthcoming year.

3. FINANCIAL IMPLICATIONS

- 3.1 The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far. Where Board members have to travel to attend training events this cost is contained within existing budgets.
- 3.2 From 2016/17, the Authority will pay a levy to the Scheme Advisory Board and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting this levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2017/18 will be in the region of £4,600 and this has been provided for within the revenue budget.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report. The members of the Board are required to achieve and maintain knowledge and understanding of pensions and this requirement is being managed and monitored by the Scheme Manager.

5. EQUALITY IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Local Firefighter Pension Board was created to fulfil the requirements of the Public Service Pensions Act 2013.

8. RISK MANAGEMENT IMPLICATIONS

The risks associated with pension governance and administration are set out in the Board's risk register, which is actively managed by the Scheme Manager and monitored by the Board.

9. COLLABORATION IMPLICATIONS

Nottinghamshire, Leicestershire and Derbyshire Fire Authorities all share the same pension administrator and this has allowed for a number of collaborative activities associated with pensions. There has been one regional training event for Local Pension Boards and another is planned for later this year. In addition Officers from the Finance and Human Resources Departments attend quarterly regional pension administration meetings to keep up to date with pension issues and to share good practice.

10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

**LOCAL FIREFIGHTER PENSION BOARD OF
NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY**

CONSTITUTION

1. Statement of Purpose

The purpose of the Board is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (The Fire Authority) in its role as the Scheme Manager of the Fire Fighters Pension Schemes (1992, 2006, 2015 and Retained Modified). Such assistance is to:

- c) secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.
- d) ensure the effective and efficient governance and administration of the Scheme.

2. Duties of the Board

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board Members:

- a) should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another.
- b) should be subject to and abide by Fire Authority's Codes of Conduct for Members and Employees.

3. Membership

The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.

4. Scheme Member Representatives

4.1. 2 Scheme Member representatives shall be appointed to the Board by the 2 largest trades unions recognised by the Fire Authority who represent Scheme Members (i.e. FBU and FOA) but in default of any such appointments being made the Fire Authority shall invite expressions of interest from Scheme Members and appoint such Scheme Member representatives who it regards as best suited to the role of Board Member.

4.2. Scheme Member representatives shall be current Scheme Members.

- 4.3. Scheme Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

5. Employer Representatives

- 5.1. 2 Employer representatives shall be appointed to the Board by the Fire Authority.
- 5.2. Employer representatives shall be 1 Fire Authority Member and 1 Principal Officer provided that neither Officer nor Members exercise delegated responsibility for discharging the Scheme Manager function of the Fire Authority.
- 5.3. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 5.4. Employer representatives shall be appointed by the Fire Authority in a manner which it considers best promotes the purpose of the Board.

6. Appointment of Chair

- 6.1. The Board shall appoint its own chair for a period of 12 months rotating the appointment between scheme member representatives and employer representatives.
- 6.2. The duties of the Chair should be in accordance with the duties of a committee chair under the Fire Authority's Constitution.

7. Substitute Board Members

- 7.1. The Board may appoint one substitute Scheme Member Representative and one substitute Employer Representative. Substitute representatives can take part in Board meetings only in the place of an appointed representative of the same group who cannot attend a meeting.
- 7.2. A substitute representative may attend, and participate in, any training events for Board members.
- 7.3. A substitute representative may attend a Board meeting as an observer, if all representatives of the same group are attending that meeting. In this situation, the substitute representative must not participate in the business of the meeting.

8. Notification of Appointments

On appointment to the Board the Fire Authority shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

9. Conflicts of Interest

- 9.1. All members of the Board must declare to the Chief Fire Officer on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
- 9.2. On appointment to the Board and following any subsequent declaration of potential conflict the Chief Fire Officer shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Fire Authority and the requirements of the Pensions Regulators codes of practice on conflict of interest for Board members.

10. Knowledge and understanding (including Training)

- 10.1. Knowledge and understanding must be considered in light of the role of the Board to assist the Fire Authority in line with the requirements outlined in paragraph 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board Members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
- 10.2. Board Members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
- 10.3. Board Members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

11. Term of Office

- 11.1. The term of office for Board Members shall be 2 Municipal Years and there shall be no restriction on reappointment at the expiry of a Board Member's term.
- 11.2. Board membership shall be terminated prior to the end of the term of office due to:
 - a) A Scheme Member representative ceases to be a Scheme Member.
 - b) An Employer representative ceases to be a Fire Authority Member.
- 11.3. Board membership may be terminated prior to the end of the term of office by a resolution of the Fire Authority where the Board Member is no longer able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

12. Meetings

12.1. The Board shall as a minimum meet 3 times per year.

12.2. The Chair, with the consent of the other Board Members, may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

12.3. Meetings shall be open to the public and shall be conducted in accordance with the Fire Authority's constitution as regards to the attendance of the public at meetings. Meetings will be advertised on the Service website at least one week prior to the date of the meeting with a link to the agenda, papers and minutes of the previous meeting.

12.4. If there are any reports or papers containing confidential matters these will not be published. In this case the Board meeting will consist of part one for all non-confidential items, open to the public, and part two for all confidential items, closed to the public. Matters will be deemed confidential by reference to the personal data provisions of the Data Protection Act.

13. Quorum

A meeting is only quorate when at least 50% of both Scheme Member and Employer representatives are present.

14. Voting

14.1. The Board shall as far as possible make any decisions by consensus but where this proves not to be possible the Board may vote upon an issue.

14.2. Each Board Member shall have 1 vote and in the event of an equality of votes the Chair shall have a casting vote.

15. Support to the Board

15.1. The Chief Fire Officer shall provide such support to the Board as it requires to discharge its functions.

15.2. The Board may request information from the Chief Fire Officer with regard to any aspect of the Scheme Manager function. Any such a request should be reasonably complied with in both scope and timing.

15.3. The Board may make recommendations to the Chief Fire Officer which should be considered and a response made to the Board on the outcome within a reasonable period of time.

16. Relationship with Firefighters Pension Scheme Advisory Board

16.1. The national Scheme Advisory Board has been established in accordance with the Public Service Pensions Act 2013 and its objectives include the provision of advice to Local Pension Boards in relation to the effective and efficient administration of the pension scheme. Communications from the Scheme Advisory Board are likely to be made via the Chair of the Local Pension Board who must ensure that the Fire Authority, as Scheme Manager, is kept informed of any new requirements.

Version 4

Updated January 2017

APPENDIX B

LOCAL FIREFIGHTER PENSION BOARD – RECORD OF TRAINING

Name of LFPB Member: Summary Record

Date Completed: 13th January 2017 by S Maycock

Reference	Topic		Employer 1	Employer 2	Employee 1	Employee 2	Employee Sub	Employer Sub
A	Background to Legislative Framework							
A1	Key provisions of the Public Service Pensions Act 2013	LGA / KPMG training July / August 2015	X	X	X			
A2	Overview of roles and responsibilities associated with the Firefighter pension schemes	Governance Arrangements paper presented to Board 24/09/15	X	X	X			
A2	Overview of roles and responsibilities associated with the Firefighter pension schemes	One-to-one training delivered by S Maycock 30/08/16 to SF & 11/01/17 to AK				X		X
A3	Overview of the Firefighter Pension Schemes	Regional training delivered by C Alcock (LGA) 02/03/16	X	X			X	
		Overview of Retained Modified Scheme delivered by E Johnston 22/09/16	X	X	X			X
B	Roles and Responsibilities of the Local Firefighter Pension Board							
B1	Assisting the Scheme Manager – governance and administration	LGA / KPMG training July / August 2015	X	X	X			
B1	Assisting the Scheme Manager – governance and administration	One-to-one training delivered by S Maycock 30/08/16 to SF & 11/01/17 to AK				X		X

<u>Reference</u>	<u>Topic</u>		Employer 1	Employer 2	Employee 1	Employee 2	Employee Sub	Employer Sub
B2	Potential conflicts of interest	Conflicts of Interest Policy presented to Board 24/09/15	X	X	X			
B2	Potential conflicts of interest	One-to-one training delivered by S Maycock 30/08/16 to SF & 11/01/17 to AK				X		X
B3	Reporting of breaches							
B4	Knowledge and understanding	Regional training delivered by C Alcock (LGA) 02/03/16	X	X			X	
		Local Pension Board responsibilities workshop delivered by AON at LGA Conference 11/10/16	X	X				
C	Roles and Responsibilities of the Scheme Manager							
C1	Membership and eligibility							
C2	Benefits and the payment of benefits							
C4	Discretions	Report on FF Schemes Discretions presented to Board meeting 13/01/17	X	X	X	X	X	
C5	Provision of information	The Pension Regulator's e-learning toolkit – undertaken at Board meeting 06/06/16	X	X	X		X	
		Taxation: Annual Allowance & Lifetime Allowance training delivered by I Howe 22/09/16	X	X	X			X
		Taxation Changes presentation by Barnett Waddingham at LGA Conference 11/10/16	X	X	X			

<u>Reference</u>	<u>Topic</u>		Employer 1	Employer 2	Employee 1	Employee 2	Employee Sub	Employer Sub
E3	Scheme Administrator	Governance Arrangements paper presented to Board 24/09/15	X	X	X			
E4	National Scheme Advisory Board	Presentation to Board 09/02/16 included role of NSAB	X	X	X			
E5	Department for Communities and Local Government							
E6	Local Government Association							
E7	Pensions Advisory Service							
E8	Pensions Ombudsman							
E9	Pensions Regulator							