



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

LOCAL FIREFIGHTER PENSION ANNUAL REPORT 2018/19

Report of the Chief Fire Officer

Date: 12 July 2019

Purpose of Report:

To report to Members on the activities of the Local Firefighter Pension Board and Scheme Manager up to 31 March 2019.

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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 governance arrangements in place for this Authority's firefighter's pension scheme are attached at Appendix A. 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). This Board is known as the Local Firefighter Pension Board and has been operating ever since.
- 1.3 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Act. The role of Scheme Manager is delegated to the Head of Finance post and this report therefore serves to communicate to the Fire Authority about the activities of the Head of Finance and 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.
 - 2.1.4 The increase of quorate membership from two members to four members, two scheme member representatives and two employer representatives, in order to comply with the Firefighters' Pension Scheme Regulations.

FORMAT OF MEETINGS

- 2.2 A minimum of three meetings are held per year. Meetings are 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.
- 2.3 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.
- 2.4 At the end of each meeting there is usually a training session for Board members on an aspect of pensions.
- 2.5 Minutes are taken at all meetings.

BOARD MEMBERSHIP

- 2.6 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.
- 2.7 The Chair of the Local Firefighter Pension Board is currently a representative from the employer side. The requirement to rotate the appointment of Chair is set out in the constitution (Appendix B).
- 2.8 There are currently no vacancies on the Board following an appointment to the vacant post of the substitute employer representative.

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.
- 2.10 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; regional training; training presented by the Authority's pension administrator and training at each Board meeting. There is online training available on the Pension Regulator website which members of the Board are encouraged to complete.

- 2.11 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.

BOARD ACTIVITY

- 2.12 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.
- 2.13 Some regular reports to the Board have been developed and these are:
- 2.13.1 A report 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;
 - 2.13.2 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;
 - 2.13.3 A report presented to each meeting on the Firefighters’ Pension Risk Register. The risk register is reviewed regularly by the Scheme Manager and is presented to the Board at each meeting, with any amendments highlighted. This allows the Board to keep track of the key risks and the control measures designed to manage those risks.
 - 2.13.4 From March 2019 a new report from the Pension Administration Team has been included as one of the regular reports. Its purpose is to provide details to the Board on regulation changes, system updates, key performance information relating to the performance of the administration team and metric data relating to membership numbers of the firefighters’ pension schemes.
- 2.14 From the outset it has been the aim to set up a joint Pension Board with Leicestershire and Derbyshire Fire Authorities. Fire Authority approval was initially gained for this to happen but it would have also required the approval of the Secretary of State, and this could not be gained within the required time scales. The existing interim Board was consequently set up. At its meeting on 15 December 2017, Fire Authority approved the creation of an East Midlands Joint Pension Board and a joint request has been submitted to the Secretary of State to gain approval for the creation of this Board.
- 2.15 Other areas of governance which have been discussed at Board meetings include:

- 2.15.1 Employer discretions under the firefighter pension schemes. Discretions are presented to the Board for information, and the process by which Officers make decisions about discretions has been explained. There were no discretions during 2018/19.
- 2.15.2 In order to keep abreast of national pension issues, the Board has set up a register of breaches of the Pension Act 2013. The register provides details of all breaches and also areas of concern that have been considered but not felt to breach the regulations. There have been no breaches during 2018/19.
- 2.15.3 The Board is being kept up to date regarding the outcome of the Employment Tribunal case relating to the transition arrangements into the 2015 Firefighters' Pension Scheme. These were judged to be discriminatory on the grounds of age. The Government has been refused permission to appeal against the decision by the Supreme Court and the details in terms of remedy are awaited.
- 2.15.4 The Board continues to monitor the impact of the 2016 valuation of the firefighters' pension schemes. Revised employer superannuation rates were announced in March 2019 which were a significant increase on the rates previously in place, and have placed an increased financial burden on the Authority. The valuation also resulted in some proposed amendments to the employee benefits but their implementation has been suspended pending the outcome of the Government's appeal against the transitional arrangements to the 2015 scheme.
- 2.15.5 Internal Audit undertook an audit on the governance arrangements for the firefighter's pension scheme towards the end of the financial year. The audit judged the governance arrangements to provide a substantial level of assurance. The audit is attached at Appendix C.
- 2.16 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. Work has also been undertaken to communicate with pension scheme members about pension issues and to raise the profile of this important subject. The Board will continue to ensure that good practice is maintained and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pension Regulator.

SCHEME MANAGER ACTIVITY

- 2.17 The governance arrangements for the Firefighter Pension Scheme (Appendix A) have been reviewed by the Scheme Manager and remain current and up to date. The role of the Scheme Manager is set out in Section 3 of the appendix.
- 2.18 Much of the role of the Scheme Manager relates to ensuring that proper administrative and governance arrangements are in place.

The effectiveness of current procedures is demonstrated by the Governance Audit (Appendix A) and the Pension Audit undertaken in May 2017, both of which were judged to provide substantial assurance.

- 2.19 Some of the Scheme Manger activity is undertaken by the Scheme Administrators (Leicestershire County Council). In May 2018, the Leicestershire County Council internal audit team undertook an audit on behalf of the three Fire Services it administers. The audit considered the validity and accuracy of payments and calculations. Again, the audit substantial assurance that correct procedures were in place.
- 2.20 The scheme manager has responded to statutory and not statutory requests for information, including national surveys of the firefighter's pension scheme by both The Pension Regulator and the Local Government Association. The results of these surveys are reviewed and provide the basis for making any necessary improvements. An example of this is the identification of cyber risk. This has now been added to the pensions risk register and is monitored on an ongoing basis.
- 2.21 Both the scheme manager and Human Resources advisor to the pension board have attended a number of local and national events to ensure that their knowledge and understanding remain up to date.

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 are required to travel to attend training events this cost is contained within existing budgets.
- 3.2 The Authority continues to 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 2019/20 will be in the region of £5,100 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

- 9.1 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 have been several regional training events for Local Pension Boards and information events for firefighters. More are planned for the coming 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.
- 9.2 Progress is being made on developing a Joint Board for the three authorities as detailed in the report.

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

**NOTTINGHAMSHIRE AND CITY OF
NOTTINGHAM FIRE AND RESCUE AUTHORITY**

Governance Arrangements for Firefighter Pensions

Introduction

- 1.1 The purpose of this document is to set out the governance arrangements relating to all aspects of firefighter pensions. This document forms part of the overall corporate governance framework for the Authority.
- 1.2 The various firefighter pension schemes fall within the remit of the Public Service Pensions Act 2013. The Pensions Regulator has produced a code of practice for the governance and administration of public service pension schemes and this document is based upon the recommendations in this code of practice.

Overview of Roles and Definitions

- 2.1 The Public Service Pensions Act 2013 identifies a number of roles in relation to public service pension schemes. These are explained below and interpreted in the context of the Nottinghamshire and City of Nottingham Fire and Rescue Authority:

2.1.1 **Responsible Authority.** The responsible authority has the power to make pension scheme regulations. The Act identifies Secretaries of State as responsible authorities, so for the firefighter schemes this would be the Secretary of State for Communities and Local Government.

2.1.2 **Scheme Manager.** For locally administered schemes such as the firefighter schemes the scheme manager may be the local administering authority or a person representing an Authority. The Combined Fire Authority is therefore deemed to be the Scheme Manager, with the day to day responsibilities of the Scheme Manager delegated to the Head of Finance.

2.1.3 **Pension Board.** The Local Pension Board is responsible for assisting the Scheme Manager to comply with the scheme regulations and other legislation relating to the governance and administration of the firefighter schemes. Scheme regulations and the Scheme Manager will determine what the Pension Board's role and responsibilities will be and for this Authority these are set out in the Constitution of the Local Pension Board.

2.1.4 **Scheme Advisory Board.** Each defined benefit public service pension scheme set up under section 1 of the 2013 Act has a Scheme Advisory Board with responsibility for providing advice to the Responsible Authority on the desirability of changes to the scheme when requested to do so. The Department for Housing Communities and Local Government

has set up a Scheme Advisory Board for the Firefighter Pension Scheme 2015.

2.2 Other roles which are not necessarily defined by the Act, but which are relevant to firefighter pension schemes are:

2.2.1 **Employer.** The employer is the Combined Fire Authority, with day to day employer responsibilities delegated to the Chief Fire Officer.

2.2.2 **Scheme Administrator.** This role deals with day to day pension administration of firefighter pensions including the keeping of pension records and the calculation of pension benefits. This function is outsourced, currently to Leicestershire County Council.

2.2.3 **Scheme Advisers.** Advisers and service providers can help those governing and administering schemes to make informed decisions. In practice a range of people and bodies act as Scheme Advisers including the Scheme Administrator, the Chief Fire Officer and other Officers within the Service, the Local Government Association, the Scheme Advisory Board and the Department for Communities and Local Government.

Roles and Responsibilities

Scheme Manager:

3.1 The Scheme Manager is responsible for providing certain information, including:

- Annual benefits information to scheme members
- Certain information to scheme members (and others in certain circumstances) on request including: basic scheme information, significant changes to schemes, information about future benefits

3.2 The Scheme Manager is responsible for publishing information about the Local Pension Board, including who the board members are, representation on the board, matters for which the board is responsible, terms of reference, the appointment process, the employment and job title and any other relevant position held by board members, any specific responsibilities of board members. Consideration should be given to publishing Local Pension Board agendas, papers and minutes.

3.3 The Scheme Manager is responsible for publishing any other specific information as directed by the Responsible Authority or other Government department.

3.4 The Scheme Manager is responsible for keeping records of member and beneficiary information and transactions. The Scheme Manager is responsible for ensuring that record keeping processes are effective, that member data is regularly reviewed and evaluated and that data is held for an appropriate length of time. In practice certain records are held by the Service and others are held by the Scheme Administrator.

- 3.5 The Scheme Manager is responsible for arranging Local Pension Board meetings in accordance with the constitution for the Local Pension Board. This will include preparing agendas and ensuring that reports are provided to board meetings as required.
- 3.6 The Scheme Manager is responsible for keeping records of pension board meetings and decisions. This must include the date, time and place of the meeting; the names of all pension board members invited to the meeting; the name of any person attending and in what capacity; the minutes of the meeting and any decisions made at the meeting.
- 3.7 The Scheme Manager is responsible for ensuring that pension board members do not have conflicts of interest and for managing any potential conflicts of interest.
- 3.8 The Scheme Manager is responsible for establishing and operating adequate internal controls to manage risks relating to the schemes. This will include having a process to identify, evaluate and manage risks as well as monitor controls.
- 3.9 The Scheme Manager is responsible for ensuring that pension contributions are paid into schemes on time and in full. This will include having a process to monitor payments and identify and resolve contribution payment failures. The Scheme manager must report significant contribution payment failures to the Pensions Regulator within 10 working days.
- 3.10 The Scheme Manager is responsible for making and implementing arrangements which comply with legal requirements for resolving internal disputes with members and others, and for regularly checking that the arrangements work effectively. This responsibility is delegated to the Head of HR Services.
- 3.11 Some of the responsibilities of the Scheme Manager are carried out by the Scheme Administrator on the Scheme Manager's behalf.

Local Pension Board:

- 3.12 The Local Pension Board is responsible for assisting the Scheme Manager in securing compliance with scheme regulations, governance and administration legislation and any requirements of the Pensions Regulator.
- 3.13 The Local Pension Board is responsible for establishing and maintaining a training and development policy and framework to address the legal requirement for board members to have sufficient knowledge and understanding to carry out their role.
- 3.14 Members of the Local Pension Board are responsible for the appointment of a Chair to the board in accordance with the constitution of the Local Pension Board.
- 3.15 Members of the Local Pension Board are responsible for declaring any potential conflict of interest arising as a result of their position on the board to the Chief Fire Officer.

- 3.16 Members of the Local Pension Board are responsible for participating in training and development as required to achieve sufficient knowledge and understanding to carry out their role.

Employer

- 3.17 The Employer is responsible for paying contributions into pension schemes and keeping and providing data to the Scheme Manager and / or the Scheme Administrator. This responsibility is delegated to the Head of Finance.
- 3.18 The Employer is responsible for dealing with disputes. This responsibility is delegated to the Head of HR Services.
- 3.19 The Employer is responsible for the administration of firefighter pensions. This activity is outsourced and responsibility for managing the contract is delegated to the Head of Finance.

All Roles

- 3.20 The Scheme Manager, members of the Local Pension Board, the Scheme Administrator and any Scheme Adviser are all responsible for reporting breaches of the law to the Pensions Regulator where that breach is likely to be of material significance.

Reviewed May 2019
Becky Smeathers
Scheme Manager

**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:

- 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.

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 4 members are present, 2 scheme member representatives and 2 employer representatives.

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.

To: The Chief Fire Officer

OFFICIAL SENSITIVE

Subject: Governance Arrangement for the Fire Fighters' Pension

Date: April 2019

1 Introduction

- 1.1 This audit examined the information governance arrangements for the Fire Fighters' Pension.
- 1.2 A Pensions Board has been established and its purpose 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:
- 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.
 - ensure the effective and efficient governance and administration of the Scheme.

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

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

2 Audit opinion

- 2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.
- 2.2
- 2.3 In our opinion the level of assurance we can provide is: -



SUBSTANTIAL ASSURANCE

Risk levels are low

3 Risk areas examined

3.1 During this audit we looked for controls to address the following key risks: -

<i>Risk title</i>	<i>Description</i>
Communication to Members	Adequate or accurate information may not be provided to members to allow them to make informed decisions concerning their pension.
Internal Disputes Resolution	Internal disputes may not be appropriately managed and may remain unresolved.
Pension Law - Breaches	Failure to understand latest reforms concerning the governance and administration of public service schemes, may result in failure to comply with the law and address poor standards and non-compliance.
Oversight	Adequate oversight of systems and procedures may not be in place or scrutinised.
Member Training	The Pensions Board and Fire Service staff may not be adequately trained and have the capacity to challenge effectively.
Pension Board Meetings	The Pensions Board business cycle may not achieve comprehensive oversight of activity and issues arising.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>June 2018 actual</i>
Active pensioners	663
Dependants	399
Deferred members	849
Total	1,911

4 Audit findings

4.1 Following our work, and with reference to the other sources of independent assurance that were available, we consider the controls to be effective in the following risk areas: -

- Oversight - Provider cyber-security and GDPR compliance - The 2019 pension administration contract with Leicestershire County Council requires the provider to inform NFRS of any incident giving rise to an actual, suspected or potential loss of personal data. Cyber security surrounding data transmission between NFRS and the provider have been assessed by both parties.
- Pension Board Member Training - Board members are encouraged to follow a structured e-learning training tool-kit provided by the Pensions Regulator. They also receive a cyclical programme of training at the conclusion of Pension Board meetings.

- Pensions Board Meetings - The Risk Register is updated on an ongoing basis and reviewed at each meeting of the Pension Board.
- 4.2 There were some control weaknesses and failures to comply with the standard controls, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.
- 4.3 A summary of the recommendations made, together with brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	3	Within two months

Priority 2 areas:

- Governance arrangements are good. However, the role and terms of reference of the Responsible Officer in supporting the Pension Board should be formalised and kept under review in response to the potential creation of a joint Pension Board with Leicestershire and Derbyshire.
 - Contract management meetings are not formally recorded.
 - The Pension Board does not currently have the opportunity to be informed of the completed NFRS response to the Pension Regulator's Annual Public Service Governance and Administration survey.
- 4.4 No advisory actions were discussed during the audit.

Audit conducted by: Ian Munro

Senior Auditor

Audit supervised by: Angela Wendels

Senior Auditor

Rob Disney, Group Manager Assurance

Audit Finding	Recommendation	Management Response
Priority 2 areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>1. Pension Board Responsible Officer terms of reference</p> <p>The Constitution of the Board defines the role of members. There is however, no corresponding definition of the role and responsibilities of the Scheme Manager. The Scheme Manager plays an active and pivotal role in ensuring that members receive technical and professional guidance and training to adequately discharge their responsibilities.</p> <p>The probable creation of a Joint Firefighters Pension Board with Leicestershire and Derbyshire and the need for clarity as to respective governance arrangements increases the need for the Scheme Manager's role to be clearly defined.</p> <p>Risk: The Board is unsighted on issues and receives variable support.</p>	<p>a) That the role of the Scheme Manager is formalised by the Fire Authority.</p> <p>b) That the annual report from the Pension Board to the Fire Authority covers both the activity of the Pension Board and also the Scheme Manager.</p>	<p>Response Accepted. This will be incorporated in the next report to Fire Authority.</p> <p>Date for implementation July 2019</p> <p>Officer responsible for implementation Scheme Manager</p>

Audit Finding	Recommendation	Management Response
<p>2. Contract management</p> <p>Pensions administration is undertaken by a contract provider; Leicestershire County Council. We have not had sight of the contract that pre-dates the current contract which came into effect on 1/1/2019. The provider attends meetings of the Pension Board to receive questions and deliver technical advice if required. Contract management meetings are informal and not supported by minutes. An annual evaluation of contract performance is not presented to the Pension Board for assurance purposes.</p> <p>Risk: Contract non-compliance is not reported.</p>	<p>a) Contract management meetings are recorded and agreed actions are minuted.</p> <p>b) An annual assessment of provider contract performance is reported to the Pension Board.</p>	<p>Response</p> <p>Contract management will be added to the agenda for the Regional Pension Meetings where performance can be reviewed by all 3 regional Fire Authorities. Minutes are taken at this meeting.</p> <p>Date for implementation June 2019</p> <p>Officer responsible for implementation Scheme Manager</p>
<p>3. Pension Board Assurance</p> <p>Each year Fire Pension schemes are surveyed by The Pension Regulator and required to complete a Public Sector Governance and Administration Survey. The Pensions Board does not have sight of the completed response from NFRS.</p> <p>Risk: The Pension Board is unaware of potential issues identified.</p>	<p>The Pension Board should receive the completed survey at the earliest opportunity.</p>	<p>Response</p> <p>Learning opportunities from the 2018 survey will be reported to the Pension Board when results are published. NFRS completed response will be completed from the 2019 return.</p> <p>Date for implementation October 19 Board for response to 2018 survey March 2020 for completed 2019 survey.</p> <p>Officer responsible for implementation Scheme Manager</p>