



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 8

MEETING	Shadow Policy and Resources Committee
DATE OF MEETING	17 September 2015
SUBJECT OF THE REPORT	Local Pension Boards
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For discussion
EXECUTIVE SUMMARY	The new Authority will require a Local Pension Board in respect of the Firefighters Pension Scheme under the new Pension Regulations 2015. Consideration is therefore required about the establishing a new Local Pension Board for 2016/17.
RISK ASSESSMENT	Local Pensions Boards became mandatory from April 2015, and as such both Dorset Fire Authority and Wiltshire and Swindon Fire Authority took steps to establish a Local Pension Board in respect of the Firefighters Pension Scheme. Under combination there is the requirement to have one LPB for the new authority from April 16. The Pension Regulator has the power to impose sanctions, should the Authority fail to achieve its statutory responsibilities.
COMMUNITY IMPACT ASSESSMENT	No separate impact assessment has been carried out in bringing forward this report.
BUDGET IMPLICATIONS	Dependent on the establishment and governance arrangements around the Local Pensions Boards, costs will need to be identified.
RECOMMENDATIONS	Members are asked to consider the arrangements in respect of establishing a new LPB for the new Authority from 1 April 2016 i.e. How will the new board be established, who will be on the board (how many representatives), how are they appointed etc. It is recommended that Workstream 1 should be tasked with this.
BACKGROUND PAPERS	Code of Practice no. 14: Governance and Administration of public service pension schemes. Firefighters Pensions Scheme: Guidance on the creation and operation of Local Pension Boards in England

APPENDICES	None
REPORT ORIGINATOR AND CONTACT	Phil Chow, Brigade Manager, Tel: 01380 731150, Mob: 07809 548055, Email: phil.chow@wiltsfire.gov.uk

1. Introduction

- 1.1 Local Pensions Boards for all Fire Authorities in respect of the firefighters pensions scheme were mandatory from 1 April 2015, and as such both Dorset Fire Authority and Wiltshire and Swindon Fire Authority established a Local Pension Board for 2015/16. The new Dorset and Wiltshire Fire and Rescue Authority will assume the role of Scheme Manager for the Firefighters Pension Scheme and thus only one Local Pension Board will be required and therefore consideration now needs to be given to setting up and establishing a single Local Pension Board (LPB) with effect 1 April 2016.
- 1.2 Both Authorities have separate LPB arrangements and as the Boards have only met once, they have yet to be fully established. The rules governing membership of the board and the process adopted in appointing membership for the new LPB can therefore be reviewed in order to establish a LPB for the new authority.
- 1.3 This paper relates only to LPBs in respect of the firefighters pension scheme. The Local Government Pensions Scheme (LGPS) exists for Fire Service employees, however, Fire Authorities are not classed as Scheme Managers in respect of the LGPS, therefore current arrangements for LGPS LPBs will continue until such time the pensions administration arrangements are reviewed.

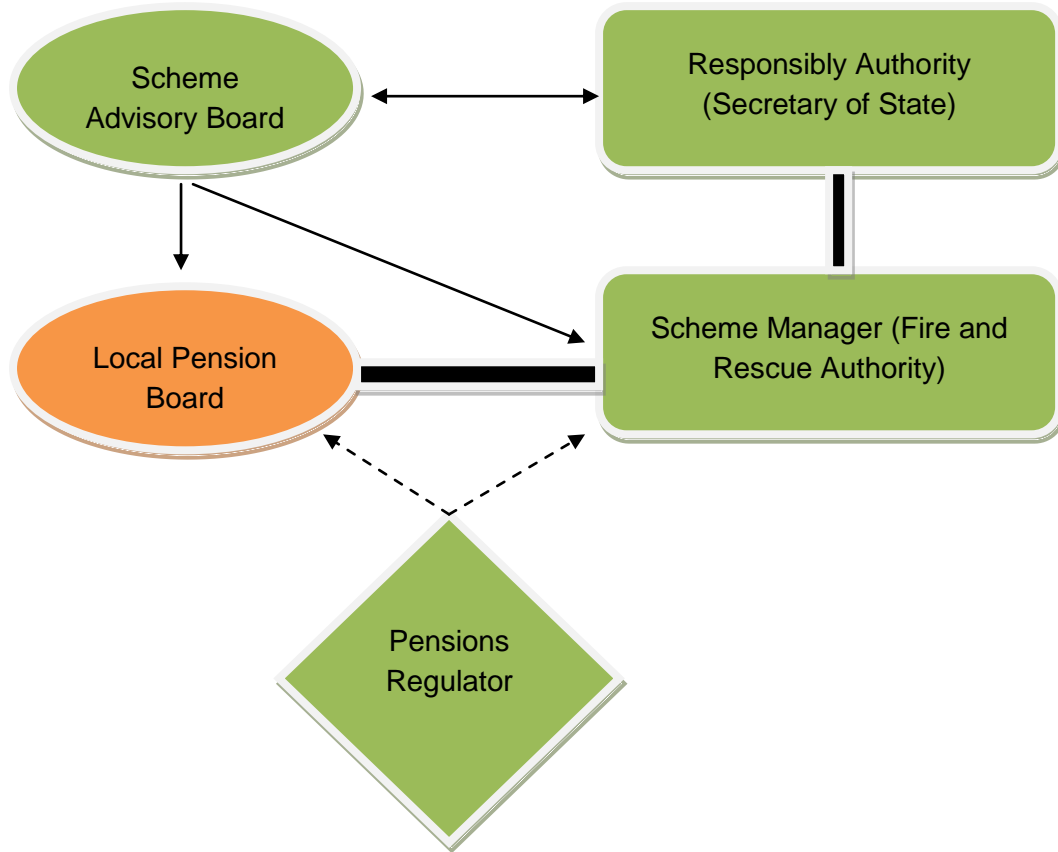
2. Local Pension Board

- 2.1 Statutory Instrument 2015 No. 465, Public Service Pensions, England: The Firefighters' Pension Scheme (Amendment)(Governance) Regulations 2015, requires pension boards to be established for the Firefighters Pension Scheme. The role of the board is to help ensure the Firefighters Pension Scheme complies with governance and administration requirements, as well as any other duties the Authority may so wish the board to have.
- 2.2 Local Pension Boards must have an equal number of employer representatives and member (pension scheme member, not authority member) representatives with a minimum requirement of no less than four in total. They may also have other types of members, such as independent experts. All pension board members have a duty to act in accordance with scheme regulations and other governing documents.
- 2.3 The Scheme Manager i.e. the Fire Authority must establish an appropriate process for appointing employer and scheme member representatives and must consider the term of office of such appointments, and under which circumstances members of the LPB cease to become a member.

- 2.4 No officer or member of the Fire Authority who is responsible for the discharge of any function under the Pension Regulations (apart from relating to LPBs or the Scheme Advisory Board) may be a member of the LPB.
- 2.5 Each employer or scheme member representative on the LPB must be able to represent employers or members (as appropriate), therefore it is important that the appointment process to the LPB ensures that LPB members are truly representative.
- 2.6 All employers and eligible scheme members must have an equal opportunity to be nominated for the role of employer or scheme member representative.
- 2.7 The Regulations also allow the Scheme Manager to determine the appointment of other LPB members, although other appointed LPB members do not have voting rights.
- 2.8 The Scheme Manager must be satisfied that each member appointed to the LPB does not have, and continues not to have a conflict of interest.
- 2.9 The Scheme Manager must decide on the process for the appointment of a Chair or Deputy Chair (where appropriate), but should consider the following:-
- An independent Chair and Deputy Chair (where appropriate)
 - LPB appointed Chair and Deputy Chair (where appropriate)
 - Fire And Rescue Authority appointed Chair and Deputy Chair (where appropriate).
- 2.10 In accordance with the Regulations, every individual who is a member of the LPB must be conversant with the rules of the Scheme (Firefighters Pension Scheme) and other connected Scheme Regulations and any document recording policy about the administration of the Scheme and have knowledge and understanding of the laws relating to pensions and other such matters as may be prescribed.

3. Scheme Governance and Administration

- 3.1 From 1 April 2015, the Scheme and its new governance structure came into force, and is summarised in the following diagram:



- 3.2 The Scheme Advisory Board was nationally established with responsibility to provide advice to:
- the Responsible Authority, on the desirability of making changes to the Scheme and connected schemes, and
 - Scheme Managers and LPBs in relation to effective and efficient administration and management of the Scheme and connected schemes.
- 3.3 The Pension Regulator is an existing body, and through the 2013 Act, from 1 April 2015 has an expanded role in regulatory oversight of aspects of governance and administration of public service pension schemes.
- 3.4 The Scheme Manager (Dorset and Wiltshire Fire and Rescue Authority) is responsible for the key areas of governance and administration including:
- managing risks and ensuring there are adequate controls
 - keeping records and ensuring the quality of member data
 - ensuring the correct contributions are paid to the scheme
 - managing conflicts of interest

- publishing information about the board
- communicating information to members
- resolving disputes and reporting certain breaches of the law.

- 3.5 Pension Boards are responsible for assisting the Scheme Manager in securing compliance with the Scheme Regulations and other legislation relating to the governance and administration of the scheme.
- 3.6 For many Scheme Managers (e.g. the Dorset and Wiltshire Fire and Rescue Authority), all existing pension functions can be delegated to an officer or a Pension Committee, but as the role of the LPB is to assist the Scheme Manager, the Scheme Manager (Dorset and Wiltshire Fire and Rescue Authority) will need to carefully consider whether the establishment of the LPB and appointment of members should be a function undertaken by the Scheme Manager (a decision of the Fire Authority) rather than a delegated officer or Pension Committee.
- 3.7 A Scheme Manager has the power under the Regulations to determine the procedures applicable to the LPB, including voting rights, the establishment of sub-committees and payment of expenses. The Scheme Manager must do so in accordance with usual local government principles, acting reasonably and within its powers set out in the Regulations.
- 3.8 Pension Boards meetings are formal, minuted occasions, where the status of the scheme and associated issues are reviewed and recommendations are made concerning the standards of scheme governance and administration.

4. Publishing Information about the Board

- 4.1 In order to demonstrate that the Scheme (Firefighters Pension Scheme) is being run effectively and efficiently, specific information on the pension board should be published and made easily accessible to scheme members. All information should be kept up to date and encompass factors such as:-
- The full terms and conditions for the board
 - Who the board members are
 - How members are represented on the board
 - The responsibilities of the boards as a whole
 - The board appointment process
 - Who each individual board member represents.

5. Code of Conduct

- 5.1 Members of the LPB should have regard to the 'Seven principles of Public Life' (known as the Nolan Principles):-
- Selflessness
 - Integrity
 - Objectivity

- Accountability
- Openness
- Honesty
- Leadership

5.2 The Scheme Manager should prepare and approve a code of conduct for the LPB to adopt, setting out expected behaviours incorporating the Seven Principles.

6. Conflicts of Interest

6.1 The LPB does not make decisions in relation to the administration or management of the Pensions Scheme, which is the role of the Scheme Manager. As a result is not anticipated that significant conflicts will arise, as may be the case if the LPB were making decisions on a regular basis. That said steps need to be taken to identify, monitor and manage conflicts effectively.

6.2 The Pension Regulator plays a particular role in relation to the members of the LPB and conflicts of interest, and expects the requirements within the Pensions Act 2013 to be met and that the standards of conduct and practice set out its code of practice to be complied with.

6.3 The Scheme Manager should prepare and approve a conflicts policy for the LPB to adopt.

7. Reporting

7.1 The Scheme Manager has responsibility for establishing the LPB, therefore it is appropriate and consistent with good governance that the LPB should report to the Scheme Manager.

7.2 The terms of reference of the LPB should include procedures for the escalation of more serious matters (e.g. breach of regulations, failure of the Scheme Manager to ensure effective governance of the Scheme).

7.3 The Scheme Manager must also decide whether to or not it wishes to make agendas, reports and minutes of the LPB available to the public.

8. Resourcing and Funding LPBs

8.1 It is appropriate that a LPB is given adequate resources to fulfil its task, in the same way that Officers and the Scheme Manager and scrutiny committees are entitled.

8.2 As a minimum, the LPB will require:-

- Allowances and/or expenses
- Accommodation (venues) and administrative support to conduct meetings and other business
- Training
- Access to funding to enable it to access legal, technical and professional advice.

9. Recommendations

- 9.1 Members are asked to consider the arrangements in respect of establishing a new LPB for the new Authority from 1 April 2016 i.e. How will the new board be established, who will be on the board (how many representatives), how are they appointed etc. It is recommended that Workstream 1 should be tasked with this.

