



# Dorset Fire Authority

MEETING	Dorset Fire Authority
DATE OF MEETING	16 June 2015
OFFICER	Chief Fire Officer
SUBJECT OF THE REPORT	Pensions Board - Firefighters' Pension Scheme 2015
EXECUTIVE SUMMARY	<p>Since December 2013, the Department for Communities and Local Government (DCLG) has published a number of consultation documents introducing a new Firefighters' Pension Scheme from April 2015. Towards the end of 2014, DFA responded to the latest consultation document outlining proposals to introduce local pension boards for firefighters' pension schemes in conjunction with requirements under the Public Sector Pensions Act.</p> <p>This report provides an update on progress regarding a local firefighters' Pension Board in Dorset.</p>
RISK ASSESSMENT	A local Pension Board has been put in place to ensure that Dorset Fire Authority is compliant with the required Regulations.
COMMUNITY IMPACT ASSESSMENT	N/A
<i>Note: If the matrix indicates negative impacts on the community or staff, an equality impact assessment (EIA) will need to be completed.</i>	
BUDGET IMPLICATIONS	There are no direct budget implications. It is hoped that training for Pension Board members will be free of charge.
RECOMMENDATIONS	It is recommended that Members note the contents of this report and agree the recommendation set out in section 4.
BACKGROUND PAPERS	A: Third consultation response regarding Pension Boards
APPENDICES	None
REPORT ORIGINATOR AND CONTACT	Darran Gunter, Chief Fire Officer Tel: (01305) 252604

## 1. Background

- 1.1 Following a Government-commissioned review of Public Service pensions by Lord Hutton, 27 recommendations were made for public service pension reform. This reform, to make pensions more sustainable and affordable in the long term and fair to both the employer and taxpayer, is underway.
- 1.2 On 24 May 2012, DCLG published a Proposed Final Agreement on the scheme design for the Firefighters' Pension Scheme in England to be introduced from April 2015. The Proposed Final Agreement built on the proposals brought forward by Lord Hutton in his independent report and aimed to strike a balanced deal between public service workers and the taxpayer.
- 1.3 As part of Lord Hutton's review, he recommended that every public service pension scheme should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance. The recommendations by Lord Hutton were accepted by the Government and were carried forward into the Public Service Pensions Act 2013.
- 1.4 On 10 October 2014, DCLG published a third consultation document on the proposed Pension Board arrangements in relation to the Scheme, and the Public Sector Pensions Act 2013. The consultation was for a six-week period and ended on 21 November 2014. This report was noted by Members at the DFA on 5 December 2014.

## 2. Preferred Options

- 2.1 Since the consultation period ended in November, limited guidance has been received regarding the setting up of local pension boards. However, legislation dictated that they would be in place by 1 April 2015.
- 2.2 Members will recall from Dorset's consultation response, that the preferred option was the formation of a regional pension board for the firefighter pension schemes. This was because it was believed that a regional pension board would be far more effective, both in terms of scrutiny and cost effectiveness - with one employer and one employee representative from each fire and rescue service - which would reduce the cost, prevent duplication and ensure consistencies in approach. It was felt that a regional pension board would also assist with conflict of interest as decisions and scrutiny could be applied regionally. However, there was no agreement from central sources for regional Pension Boards to be put in place.
- 2.3 As part of the Wiltshire and Swindon Fire Authority response to the consultation, a request was made to either set up a regional board or to defer the setting up of local pension boards for Wiltshire and Swindon until after Combination. Dorset Fire Authority also adopted this approach as a second option. The third preferred option was to set up a joint firefighters' pension board with Wiltshire and Swindon Fire Authority. At the time of the last DFA meeting in February 2015, officers were in the process of seeking clarity as to whether this third option would be legally compliant. However, the final Regulations required that a Board must be in place, and that it would only consider a joint application where the 'management and administration' of the schemes were 'wholly or mainly' shared.

- 2.4 The final option was to set up a Dorset Pension Board for the firefighters' pension schemes for one year, until the new combined Dorset and Wiltshire Fire and Rescue Service is in place. Having exhausted the previous options, a local Dorset Pension Board has been set up.

### 3. Membership of the Firefighters' Pension Board

- 3.1 As we know, the work of the fire pensions boards are to scrutinise the investments, management, administration and governance of the national pensions schemes, ensuring statutory compliance with the scheme regulations and any requirements of the Pensions Regulator. They are also in place to ensure decisions made locally by fire authorities in the management of the pensions schemes are consistent and fair. The pension board looks at systems underpinning the administration of the scheme, or how decisions are made. However, it is not a decision-making body.
- 3.2 The Regulations for the 2015 scheme made provision for the definition of 'scheme manager' as the Fire and Rescue Authority. The scheme manager is responsible for the administration of the scheme. The consultation indicates that there is anecdotal information that, in practice, the decisions concerning the administration of the scheme are delegated to an officer of the Authority and that officer exercises its discretion within that delegated authority, ie the Chief Fire Officer.
- 3.3 The scheme manager must be satisfied that the pension board members do not have a conflict of interest, that the board must have equal numbers of employer and employee representatives, and it must consist of at least four members. It was agreed at the Dorset Fire Authority meeting in February 2015 that there would be two Member representatives and two employee representatives to form the local Dorset Board.
- 3.4 Employer representatives are appointed for the purpose of representing employers. These can be, but not limited to, councillors and/or officers of the Authority. However, an officer or member of the Authority which is responsible for making decisions on the pension scheme is not permitted to be a member of the board as the board may be scrutinising the decisions of that officer or Member. This will mean that any Member on the pension board would not be able to vote on firefighter pension scheme discretions or any other related matter at Fire Authority meetings.
- 3.5 Employee member representatives are appointed for the purpose of representing members of the firefighters' pension schemes, and can consist of, but not limited to, trade union representatives.
- 3.6 Councillor Byatt and Councillor Coatsworth have agreed to join the Board (recognising that any councillor member on the pension board will not be able to vote on firefighter pension scheme discretions or any other related matter at Fire Authority meetings), alongside two employee representatives, one post reserved for the FBU and the other to be filled by Crew Manager Andrew Corben, who was the successful applicant from an expression of interest campaign.

- 3.7 The four members of the Dorset Pension Board are currently awaiting training - to be provided by the Local Government Association. This is expected to be offered in late June/early July.
- 3.8 As soon as a training date has been confirmed, a meeting will be set up for the members of the Board to meet, who will consider the national draft terms of reference regarding its remit and function. This meeting is required to take place by the end of July 2015.
- 3.9 The Board will also consider its replacement once the new combined Authority comes into force.

#### 4. Recommendation

- 4.1 Members are requested to note the updated position regarding the formation of a local Pension Board for firefighters.

**DARRAN GUNTER**

Chief Fire Officer

8 June 2015