

# West Midlands Fire and Rescue Authority

## Pension Board

**You are summoned to attend the meeting of Pension Board to be held on  
Thursday, 27 September 2018 at 15:00**

**at Fire Service HQ, 99 Vauxhall Road, Nechells, Birmingham B7 4HW**

**for the purpose of transacting the following business:**

### Agenda – Public Session

- |    |   |                |
|----|---|----------------|
| 1  | To receive apologies for absence (if any)               |                |
| 2  | Declarations of interests in contracts or other matters |                |
| 3  | Minutes of the Pension Board held on 20 July 2017       | <b>3 - 8</b>   |
| 4  | Pension Board Terms of Reference                        | <b>9 - 16</b>  |
| 5  | Pension Board Supporting Information                    | <b>17 - 20</b> |
| 6  | Survey of FRA Local Pension Boards 2017                 | <b>21 - 58</b> |
| 7  | Scheme Advisory Board - Bulletins 1 - 11                |                |
| 8  | Annual Pensions Conference 2018 (Verbal Update)         |                |
| 9  | Risk Register as at September 2018                      | <b>59 - 60</b> |
| 10 | Recruitment Process for New Members - Verbal Update     |                |
| 11 | Employer Representative (Verbal Update)                 |                |

- 12 Future Governance Arrangements  
Recommendations for Audit and Risk Committee
- 13 Training
- 14 Pension Board Skills Audit
- 15 Pension Board Activity Log 2016-18 **61 - 64**
- 16 Pensions Board Work Programme 2017-18 **65 - 68**
- 17 Update on Topical, Legal and Regulatory Issues (Verbal Report).
- 18 HO\_consultation\_response\_ **69 - 76**
- 19 Date of next meeting

**Distribution:**

Neil Chamberlain - Independent Chair, Adrian Caulwell - Employee Representative, Wendy Browning-Sampson - Employer Representative, Adam Harper - Employee Representative, Emmett Robertson – Employee Representative and Kal Shoker - Employer Representative Vacancy – Employer Representative

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**This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at [www.wmfs.net](http://www.wmfs.net)**

**Minutes of a meeting of the Pensions Board**  
**20<sup>th</sup> July 2017 at 1100 hours**  
**at Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Mr Neil Chamberlain (Chair)  
Mr Kal Shoker  
Mr Andrew Dennis  
Mr Paul Gwynn (Adviser)

1/17 Apologies: Mr Stuart Bourne  
Ms Wendy Browning-Sampson

2/17 Declarations of Interest

Mr Andrew Dennis declared an interest stating that he is in receipt of a Fire Service Pension.

3/17 Minutes of the Pension Board held 6<sup>th</sup> February 2017 actions arising

The minutes were agreed as a correct record.

Action 1 – Pension Adviser to liaise with another Fire Service regarding sample checking of pension records for deferred members. The Pension Advisor to complete. Carry over to action sheet.

Action 2 – The Adviser to ensure that the link to the Discretions Policy to the Pensions page on the Intranet to the Pay Policy Document on Pensions Page is complete.

Action 3 – The Advisor had appointed an additional team member so the responses times improving.

Action 4 – Mr Shoker has liaised with the Treasurer who had liaised with Malcolm Eastwood, Chair of the National Pension Board, to consider various issues.

Action 5 – The Terms of Reference had been updated and was submitted for approval by the Pension Board on 20 July 2017.

Action 6 – The Terms of Reference had been amended to reflect the arrangements for a Chair of the Board in the absence of the Independent Chair.

Action 7 – A draft Annual Pension Board report had been submitted for approval by the Pensions Board on 20 July 2017.

Action 8 – The Public Service Governance Survey had been presented to the Audit Committee on

Action 9 – The risk register had been updated regarding the Legal Challenge in respect of the Transitional Regulations.

Action 10 – Details of the LGA Pension Board training on 22<sup>nd</sup> August 2017 had been circulated to the Members of the Board.

#### 4/17 Minutes of Pension Board held on 9 May 2017

The Pension Advisor stated new recruits are now contractually into the Pension Scheme. Approximately, 90 percent of firefighters are in the Pension Scheme. Pension Advisor to report at the next Pension Board meeting what percentage of firefighters auto re-enrolled remained in the scheme after the 1 August 2016.

#### 5/17 Pension Section Supporting Information

The Pension Advisor stated there is a 3-month turnaround for any queries, however, there are some exceptions and queries are prioritised. The Pension Advisor to provide more details about performance at the next Pension Board meeting and to state what demands have been made. The latest statistical details were contained within the report.

#### 6/17 Amended terms of Reference for the Pensions Board for approval

The Chair stated all members are to report back to Julie Connor with any final amendments by the 18 August prior to the Terms of Reference being submitted to the Audit Committee for noting.

#### 7/17 Reporting Breaches Policy

The Pensions Board discussed the policy and agreed to communicate any further changes with the Chair or Wendy Browning Sampson by 31 August 2017. Any future breaches to be discussed with the Chair.

#### 8/17 Pensions Board Annual Report 2016/17

The Pensions Board discussed and agreed the Annual Report. The report would be submitted to the Audit Committee for noting.

#### 9/17 The Pension Regulator – Public Service governance and administration survey 2016

The Pension Board discussed the report and agreed that the Pension Advisor and Mr Shoker need to provide a response to the report by 30 September 2017 taking on board the feedback from Claire Allcock.

#### 10/17 Risk Register

The Pension Board considered the Risk Register, however, further risks were required to be included. did not approve this document.

#### 11/17 Consideration of future Membership of Pension Board

The Pension Board agreed to arrange a meeting to be organised for the election of the employee representatives on the Pension Board. A similar process would be run and a similar process adopted as previously arranged and appointment would be put in place by 31 May 2018. The name of the Employee Representatives will be communicated to the members of the scheme.

#### 12/17 Update on Topical, Legal and Regulatory Issues

Pension Advisor updated there have been no major backdated payments in 2017. GMP has not been completed and is ongoing. Pension Advisor to add the report to the Risk Register. Report to be fed back to Mike Griffiths.

### 13/17 Training

Members should contact Julie Connor if they would like to attend the LGA training on 22 August 2018 by the end of July. The Chair to circulate to members of the Pensions Board the skills audit that is used by the Police, for completion. Responses to be sent back by 30 September 2017. The Chair to liaise with Julie Connor regarding this.

### 14/17 Dates for Pension Boards 2018

19 February 2018 at 1400 hours

16 July 2018 at 1400 hours

The dates were noted the Board.

### 15/17 Pension Board Work Programme 2017-18

The Pension Board Work Programme was noted. 26 March 2017 would be amended to read 2018.

### 16/17 Pension Board Activity Log 2016 – 17 – JC

The Pension Board Activity log was noted.

### 17/17 Any other business

The Pension Advisor informed the Pension Board that he would be approaching the Audit Committee with an issue that needed ratification.

## PENSIONS BOARD

20 July 2017

### ACTIONS

Action No.	Action
1.	Pension Advisor to liaise with another Fire Service regarding sample checking of Pension records for deferred members.
2.	Pension Advisor to provide what percentage of Firefighters have remained in the Pension Scheme having been re-enrolled on 1 August 2016.
3.	Pension Advisor to provide more detailed information regarding the performance the Pension's department.
4.	Amended Terms of Reference - all members to report back to Julie Connor by the 18 August ready for the Audit Committee.
5.	Pension Advisor and Mr Shoker to provide response to the Pension Regulator – Service governance administration report by 30 September 2017 to Julie.
6.	Pension Advisor to update the Risk Register and to add the Guaranteed Minimum Pension to the Risk Register and to consult with the Treasurer.
7.	Election of new Employee Representatives to be organised following the Pension Board in February 2018.
8.	Members to contact Julie Connor if they would like to attend the LGA training by 30 July 2017.
9.	The Chair to circulate the skills audit used by the Police to Pension Board members for completion. Responses to be sent back by 30 September 2017. The Chair to liaise with Julie Connor.



**Terms of Reference for the Pension Board  
of the West Midlands Fire & Rescue Authority**

Terms of Reference and Delegated Authorities

**Introduction**

This document outlines the terms of reference for the local Pension Board of the West Midlands Fire & Rescue Authority.

**Role of the Pension Board**

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
  - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
  - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
  - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## **Appointment of Member of the Pension Board**

The process for selecting members of the Pension Board is set out below:-

The Fire Service will consider matters such as who is eligible to stand, how the nomination process will work and what sort of information candidates will need to submit. The Service will appoint through election or selection with the rules of governing the process. The Fire Authority has an independent chair who will chair the Pension Board meetings, this role will be an independent role.

The Pension Board shall consist of 7 members and be constituted as follows:-

- i) 3 employer representatives, which have been identified, and appointed
- ii) 3 scheme member representatives, which have been identified, and elected and of which one should be a retired member
- iii) 1 independent chair selected.

Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Board's membership.

The Chair of the Pension Board will be determined by the Scheme Manager. It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

The term of office for the Chair will be determined by the Scheme Manager.

Each employer representative and scheme member representative so appointed shall serve for a fixed period (of up to three years) which can be extended for further period(s) subject to re-nomination and/or election.

Each Board Member should endeavour to attend all Board meetings during the year and is required to attend at least 2 meetings each year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by:

Scheme Member representatives

recommendation by the other scheme member representatives and the unanimous agreement of all of the other members.

Employer representatives by the decision of the Service or on leaving the employment of the Service.

The removal of the independent member requires the consent of the Scheme Manager.

The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representative, represented in equal number.

### **Quorum**

The Board shall have a formal quorum when at least one scheme member representative and one employer representative are in attendance.

In the absence of the Independent Chair, a Chair person will be selected on a rotational basis between the scheme member and employer representatives.

Advisors and co-opted persons do not count towards the quorum.

### **Conflicts of Interest**

The policy for identifying conflicts of interest is set out in a separate policy document. Any conflicts of interest that would prevent you from carrying out the role effectively will need to be highlighted to the Service.

### **Board Review Process**

The Board will undertake at the first meeting of the year, a formal review process to assess how well it and its committees and the members are performing with a view to seeking continuous improvement in the Board's performance.

### **Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:-

- A Governance Adviser.
- The Fund's Actuary.
- The Fund's Administrator.
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performance of the advisers so appointed are reviewed on a regular basis.

### **Knowledge and Skills**

The Code of Practice No. 14 Governance and Administration of public service pension schemes states “A member of the Pension Board must have a working knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the function of their role. Pension board members should be aware of the range and extent of the law relating to pensions which apply to their Scheme and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties”.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members should regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Pension Board members will be expected to attend training to ensure that their knowledge and skills are maintained.

### **Board Meetings – Notice and Minutes**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board Committee, they shall be circulated to all members of the Board and forwarded to the Scheme Manager.

There will be four Pension Board meetings a year to be held quarterly monthly. The minutes of the Pension Board will be approved by the Scheme Manager and shared with pension scheme members.

### **Remit of the Board**

The Pension Board must assist the Scheme Manager with such other matters as the Scheme regulations may specify. It is for Scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.

### **Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life will be applied to all Pension Board members and embodied in their code of conduct.

These are:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership.

### **Decision Making**

Each elected/appointed member of the Pension Board will have an individual voting right but it is expected the Pension Board will, as far as possible, reach a consensus. The Independent Chair of the Pension Board will not have voting rights.

### **Publication of Pension Board Information**

Scheme Members and other interested parties will want to know that the Scheme is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

Up to date information will be posted on the West Midlands Fire & Rescue Authority website showing:-

- The names and information of the Pension Board members.
- How the Scheme members are represented on the Pension Board.
- The responsibilities of the Pension Board as a whole.
- The full terms of reference and policies of the Pension Board and how they operate.
- The Pension Board appointment process.
- Who each individual Pension Board member represents.

- Any specific roles and responsibilities of individual Pension Board members.

Pension Board papers, agendas and minutes of meetings will be published on the West Midlands Fire & Rescue Authority website (CMIS). These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they are deemed as being confidential for the purposes of the Data Protection Act 1998, and other relevant data protection legislation (such as General Data Protection Regulations).

The Scheme Manager will also consider requests for additional information to be published or made available to individual Scheme members to encourage Scheme member engagement and promote a culture of openness and transparency.

### **Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

### **Expense Reimbursement [Remuneration and Allowances]**

There will be no specific remuneration for undertaking the role of representative on the Local Pension Board. However, travel expenses in line with public transport or car mileage may be claimed with a valid receipt.

### **Reporting Breaches**

Pension Board members are required to report breaches of the law to the regulator where they believe there is a legal duty that has not or is not being complied with or the failure to comply will be of material significance to the Pensions Regulator in the exercise of its functions. Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

### **Definitions**

The undernoted terms shall have the following meaning when used in this document.

"Pension Board" or Authority "Board"	Means the local Pension Board for the Fire as required under the Public Service Pensions Act 2013.
"Scheme Manager"	Means the West Midlands Fire & Rescue Authority as administering authority of the Pension Fund.
"Chair"	Reference to duties to be performed, or authorise exercised, by the Chair.
"Scheme"	Means the Firefighters' Pension Schemes.
"West Midlands Fire &	Means the West Midlands Fire & Rescue

Rescue Authority  
”

Authority.

### **Interpretation**

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY** Item 5

**PENSION BOARD**

**27 SEPTEMBER 2018**

**PENSION SECTION SUPPORTING INFORMATION**

1. **WEST MIDLANDS FIRE SERVICE FIREFIGHTERS' PENSION  
SCHEMES MEMBERSHIP AS AT 31<sup>st</sup> AUGUST 2018**

Active Firefighters 1,415  
1992 Scheme members 274  
2006 Scheme members 10  
2015 scheme members 1,008  
Non-members 123  
Pensioners 2,146  
Dependants 394

2. **ANNUAL ACTIVITY LEVELS**

2.1 During the last twelve months (01/09/2017 to 31/08/2018) the following levels of activity have been experienced:-

Age Related Retirements	52
Ill Health Retirements	0
Opt outs	29
Other leavers	0
New joiners	88
Applications to transfer in/out	32

- 2.2 The section has also processed the requests shown in the table below and achieved the levels of performance shown.

<b>Request type</b>	<b>Received</b>	<b>Average Response time (days)</b>
Benefit Estimate	139	38
CETV for Divorce	29	96
General Information	116	80

The average response time for divorce issues is higher than the 92 day target. This is primarily because of the increased number of cases where the member has benefits and therefore a CETV entitlement in more than one scheme.

3. **ANNUAL BENEFIT STATEMENTS**

Annual Benefit Statements were due to be issued by 31<sup>st</sup> August 2018. All statements were issued on time.

4. **INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**

During the year being reported 4 cases were received under the Internal Dispute Resolution Procedure. The cases are described in detail below.

Case One – Dispute regarding Level of Widows Benefits

The beneficiary was the Widow of a Firefighter who died whilst in receipt of an Ill Health and an Injury Pension. At the date of death the Widow and the Firefighter were living apart. The Widows benefit in these circumstances is reduced. The Injury Pension does not generate a Widows benefit and ceases on death of the member. The Member had led his Wife to believe that the benefit would be half of both the pension in payment. The scheme regulations allow for an increase in Widows benefits to be paid at the discretion of the Fire Authority. The Scheme Manager decided that the Widows benefits should not be increased, having taken into account the recommendation of the Deputy Chief Fire Officer. The Widow appealed and the appeal committee upheld the Deputy's original decision.

#### Case Two – Dispute relating to non-provision of information regarding option to opt out

A member, having reached 30 years service prior to age 60, feels that the employer should have notified him that he could opt out of the scheme and defer his benefits until age 60. The Deputy Chief Fire Officer considered the original complaint and rejected the matter as information had been provided at various times during the members service. The Member appealed and the appeals committee upheld the Deputy's decision. The member took the matter to the Pensions Ombudsman who found against the member.

#### Case Three – Dispute relating to access to the scheme

The member has been redeployed on medical grounds into a non-operational role and as such is no longer eligible for membership of the 2015 Firefighters Pension Scheme. The member disputed this decision as they feel that they should be eligible to remain a member as the move was due to health reasons only. The Deputy Chief Fire Officer rejected the members complaint as the rules of the scheme do not allow any discretion. The member did not appeal this decision.

Case Four – Dispute regarding the provision of scheme information to member within three months of joining the scheme.

The member re-joined the 2015 Firefighters Pension Scheme on 1<sup>st</sup> December 2015 and subsequently opted out on 31<sup>st</sup> March 2017. His complaint centred on the fact that we did not provide him with information required under the Disclosure Regulations within three months of him becoming a member of the scheme. The Deputy Chief Fire Officer rejected this complaint on the basis that information had been provided via our Intranet site. The member submitted an appeal and the Deputy chose to review the situation himself prior to a formal appeal meeting. The review led the Deputy to decide that the Authority had breached the disclosure regulations and make a compensation offer of £250. The member rejected the offer and the case went to appeal. The appeal committee upheld the Deputy's revised decision but withdrew the compensation offer.

## 5. **OPT OUT LEVELS AND REASONS**

During the 6 months ending 31<sup>st</sup> August 2018, 18 members opted out of the Firefighters Pension schemes. Of those opting out 15 of these were male. The average age at opt out was 31 and the average length of service was 3 years 313 days. Of those choosing to opt out 8 did so within the first three months of joining the scheme.

Paul Gwynn  
Payroll and Pensions Manager

# Report

## Survey of FRA Local Pension Boards 2017

February 2018

Research Report

**Prepared for the Firefighters' Pensions (England)  
Scheme Advisory Board.**

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# 1. Executive Summary

The survey invitation was issued by email to all relevant FRA and LPB contacts and was in the field from 28 November 2017 to 26 January 2018. During that time 37 total responses were received from 32 of the 44 FRAs, equating to an overall response rate of almost 73%.

## 1.1 Board meetings

All local pension boards responding to the survey have held their first meetings, with the majority taking place between July and October 2015. Over half (54%) of boards are required to meet twice annually, and none have agreed to meet more than four times per year.

The majority (81%) of boards have held between four and eight meetings since establishment and around three-quarters (76%) have held a number of meetings since their initial meeting which is consistent with the number per year defined in their Terms of Reference, within a tolerance of +/- two.

Board chairs were responsible for agreeing meeting agendas in over half (57%) of the responses received, and with meetings in 86% of cases not including voting as a regular feature.

## 1.2 Board membership

All boards (100%) have the minimum required equal number of employer and employee representatives, with almost two-thirds (62%) of respondents confirming that they operate with two of each, equating to four in total.

Overall, only 11% of boards have reported as a meeting as not being quorate, therefore it can be surmised that the number of members on a board does not directly affect quorum.

The board chair is most likely to be elected by board members (60%), with almost one-quarter (22%) being chosen by the scheme manager. The least popular (5%) method of selection is recruited competition. A high proportion (87%) of chairs are also board members, with four-fifths of the 14% of independent chairs being recruited by competition or other means.

Board chairs and members are not commonly remunerated for their roles, with only 8% of respondents confirming that regular payments are made. 84% of chairs and 89% of other board members are not remunerated. However, expenses are paid to over half (57%) of boards, and over three-quarters (78%) of employee representatives are granted facility time to attend meetings.

## 1.3 Key documents/ processes

Almost three-quarters of boards have all key documents and processes in place to enable efficient and effective scheme governance and all processes were evaluated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process.

**Table 1.3.1 – Presence and evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

## 1.4 Scheme governance

The majority (92%) of boards are compliant with guidance issued by the SAB, with one board commenting that increased knowledge and understanding would help to ensure compliance.

Themes relating to good governance where boards were asked to comment on areas that are working well include joint working and collaboration, ability to monitor compliance, and an increased awareness of issues affecting the Firefighters' Pension Schemes. Areas that could be improved, which are potential risks to boards, are the implementation of breach and risk registers high turnover of board membership and the associated maintenance of knowledge and understanding.

Lack of consistency in response to the questions concerning the role and delegation of the scheme manager highlighted that there may be uncertainty around this issue, or that the wording of the questions lacked clarity. Almost one quarter (24%) of boards listed the FRA as scheme manager, yet 95% confirmed that there is an effective delegation in place and rated the management of the delegation as 8.1 out of 10.

Generally the interaction of the scheme manager with the board and the board's ability to highlight areas of non-compliance and make recommendations was rated as good (seven and above), and administrator engagement was also high, with 86% attending a board meeting in any capacity.

Around one-third (35%) of boards have identified a breach of law within the last 12 months.

**Table 1.4.1 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards suggested that working relationships could be improved by better communication, provision of reports and more clarity on roles and responsibilities. Comments on new governance requirements focussed mainly on the perceived complexity of the arrangements, as being disproportionate to the unfunded nature of the scheme and lack of decision making responsibility, though there were some positive comments on improvements to the management and administration of the schemes.

## 1.5 Board communications

Almost two-thirds (65%) of boards have dedicated pages on the associated Fire & Rescue Service website or intranet, with 75% confirming that meeting documentation is published to a dedicated board page.

Nearly half (49%) of FPS boards have a workplan compared to 86% of LGPS boards, and a slightly lower percentage (41%) produce an annual report. Boards are unlikely to tangibly measure their progress, as just under one-quarter (24%) have agreed success measures of Key Performance Indicators (KPIs) in place.

## 1.6 Board budget

Almost one in four (24%) boards have control of a budget, and 22% of these boards use the budget to remunerate their chair.

All boards with a budget can use it to access independent external advice. As expected there was a high percentage (60%) of not applicable responses, which reflect the 68% of boards without control of a budget. The majority (87%) of boards do, however, have access to internal and external audit reports,

# 2. Introduction

[Regulation 4A](#) of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 required Fire and Rescue Authorities (FRAs) to establish local pension boards by 1 April 2015 to assist them in the effective administration and governance of the scheme.

Given the passage of time since the establishment of local pension boards, the Scheme Advisory Board considered that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of the 44 local pension boards and interaction with their scheme manager.

A web based survey was issued with the aim of enabling the Scheme Advisory Board to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2015 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, based on the responses, the Board have the ability to make recommendations to the Home Office for any regulatory changes that are considered necessary.

# 3. Methodology

The survey was designed by the Scheme Advisory Board secretariat in conjunction with the [Local Pension Board Effectiveness Committee](#) (the "Committee"), based on an equivalent survey of local pension boards in the Local Government Pension Scheme (LGPS). A list of questions is attached at Annex A.

All relevant stakeholders were invited by email to participate in the survey and, to ensure impartiality, the link to the survey was sent separately to FRA scheme managers, practitioners, and their local pension board who were welcomed to complete the same survey independently. However, scheme managers and their local pension board were not excluded from collaborating on their respective responses where this was agreed locally.

The link to the survey was circulated to other interested bodies, including relevant government departments, and advertised nationally on the Scheme Advisory Board website, with FRAs also invited to publicise the survey locally on their websites.

### 3.1 Fieldwork

The survey was issued on 28 November 2017 for a minimum period of six weeks. A reminder was sent on 8 January 2018 with confirmation of the closing date as 26 January 2018, allowing the summary responses to be discussed at the meeting of the Committee on 31 January 2018.

Three responses were received after the closing date, but have not been considered in the analysis of the results.

37 responses were received from 32 of the 44 FRAs, equating to response rate of almost 73%. The information collected has been aggregated and no responses have been attributed to individual authorities within this report. A list of FRAs that completed the survey is attached at Annex B.

Throughout the report percentages in figures and tables may equate to more or less than 100 per cent due to rounding

### 3.2 Respondent profile

Almost 65% of completed surveys were submitted by local pension board members in either an individual or joint capacity. Scheme managers accounted for 11%, with pension advisors/ administrators completing in 16% of cases. Half of the latter group (8%) acknowledged that the survey had been completed in conjunction, or following consultation, with board members.

**Table 3.2.1 – Capacity in which survey completed**

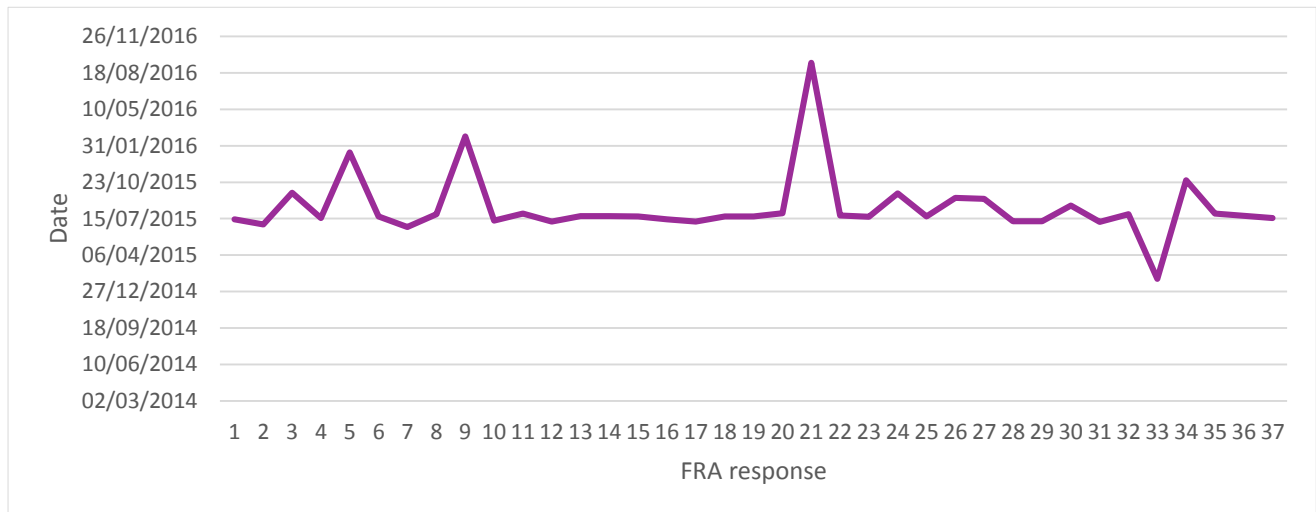
Role	Total (Percentage)
LPB employer representative	18.92
Pension adviser/ administrator	16.22
Joint response	16.22
LPB chair	13.51
Scheme manager	10.81
LPB lead contact	8.11
LPB employee representative	8.11
Other	8.11

## 4. Research findings

### 4.1 Board meetings

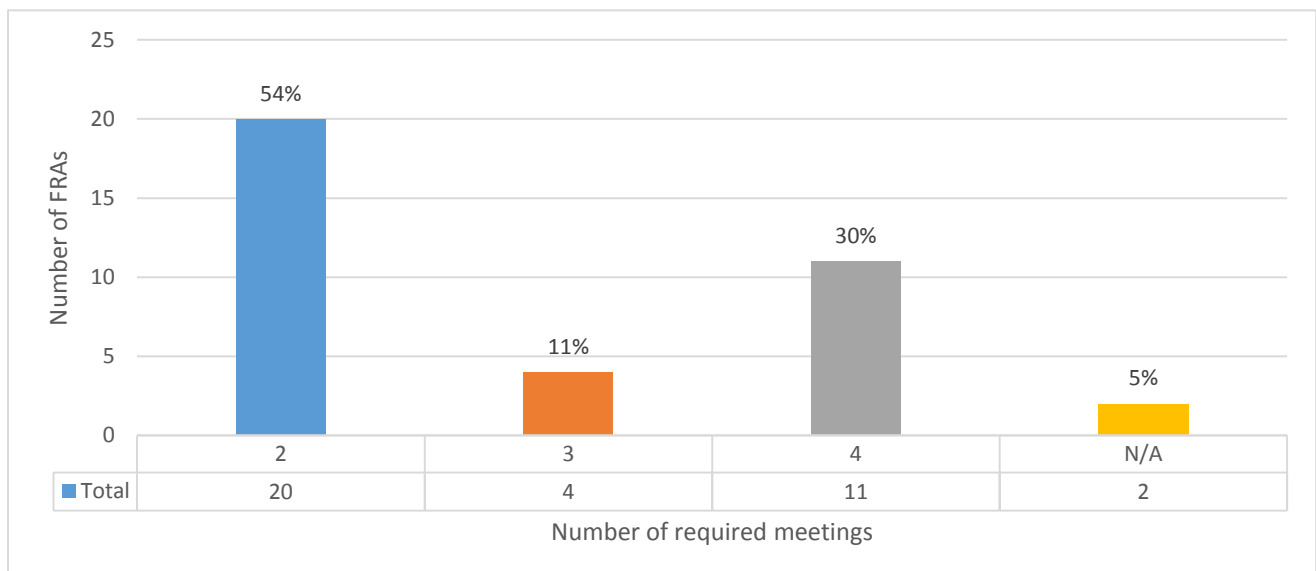
All initial local pension board meetings were held between 31 January 2015 and 15 September 2016.

**Figure 4.1.1 – Date of first board meeting.**



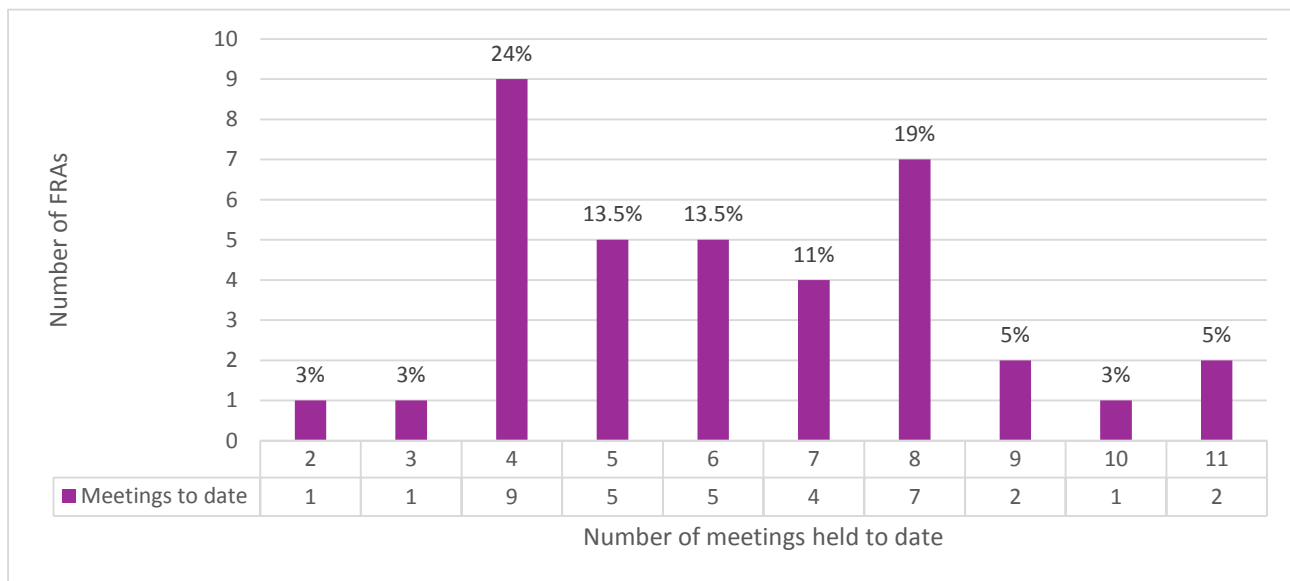
Over half (54%) of all boards are required to meet twice annually, with 11% meeting three times per year and 30% meeting quarterly or four times. One board does not have a requisite number of meetings specified in their terms of reference.

**Figure 4.1.2 – Number of times per year the board is required to meet.**



The number of meetings held to date ranged from two to eleven, with the majority (81%) of boards holding between four and eight meetings in total since their first meeting.

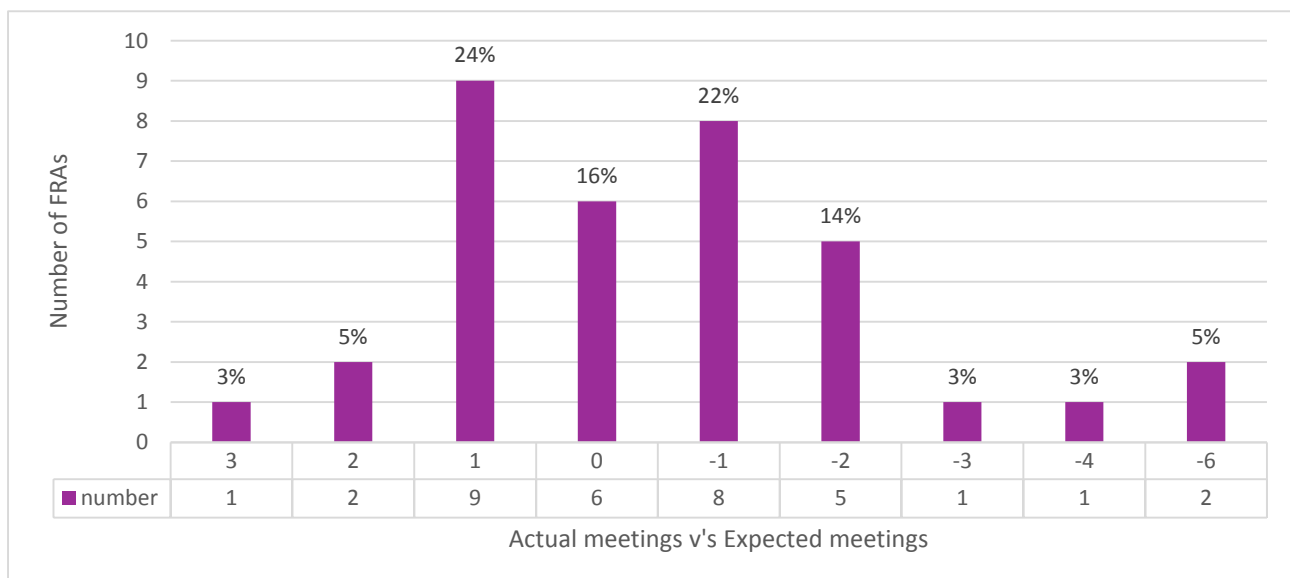
**Figure 4.1.3 – Number of meetings held to date.**



From comparing the results above, it has been possible to establish whether boards have achieved the number of meetings specified in their terms of reference, by plotting the number of required meetings against the actual meetings that have taken place, since the date of the first meeting.

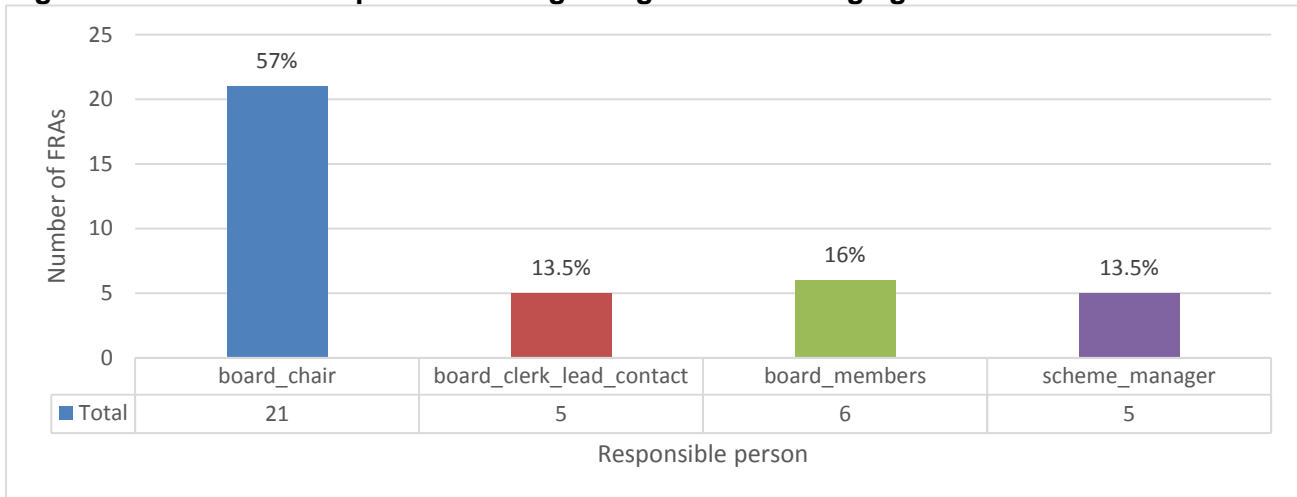
In general, the number of meetings required was consistent with the number that have taken place, within a reasonable tolerance of between -2 and +2 (76% of respondents). A smaller percentage of boards (19%) fell outside of this range.

**Figure 4.1.4 – Actual number of meetings v's expected number of meetings**



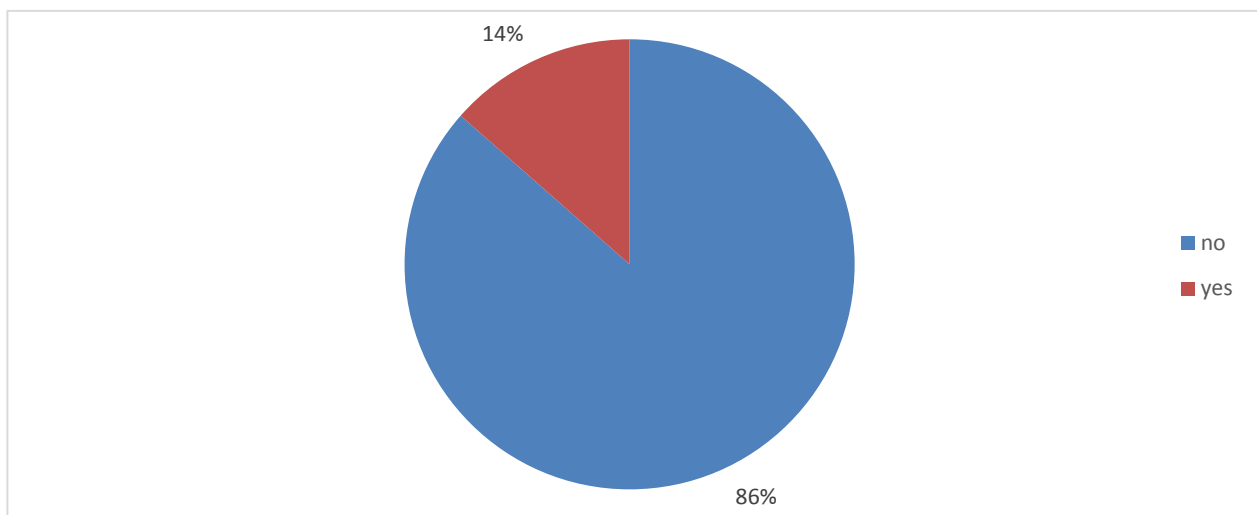
The board chair is responsible for agreeing the meeting agendas in over half (57%) of the responses received. There was a fairly even split between the remaining options listed in the drop down box: board clerk/ lead contact (13.5%); board members (16%); and scheme manager (13.5%).

**Figure 4.1.5 – Person responsible for agreeing board meeting agendas.**



Voting is not a regular feature of local pension board meetings, as confirmed by 86% of respondents.

**Figure 4.1.6 – Proportion of boards with voting as a regular feature of meetings.**



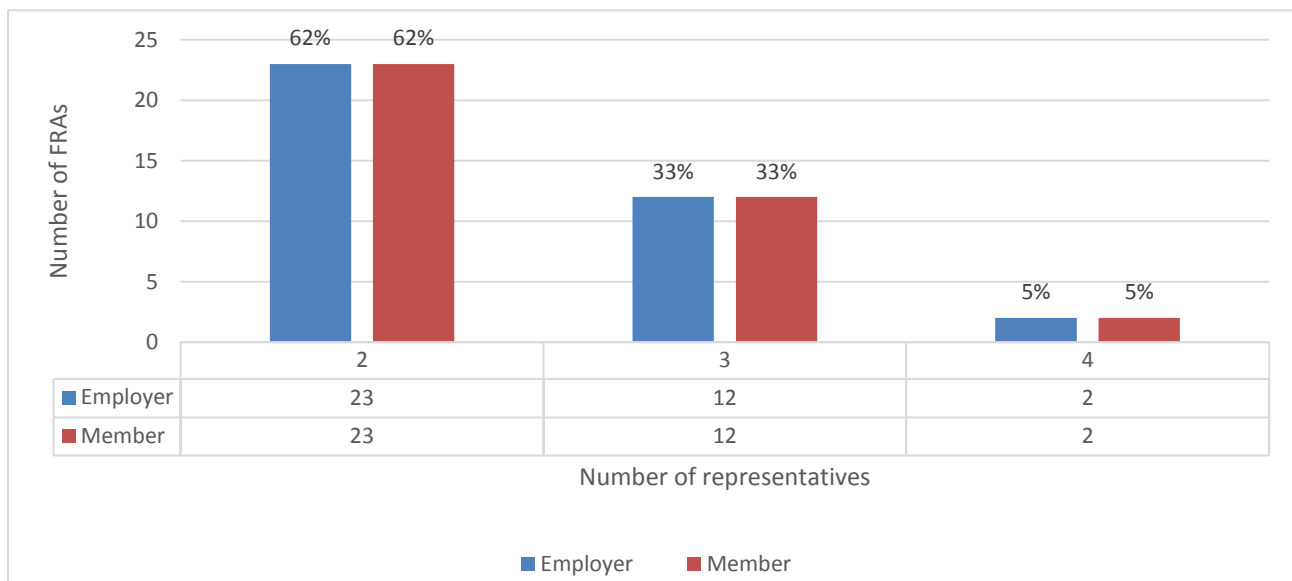
## 4.2 Board membership

Membership of the board is defined in [regulation 4B](#) of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015:

"A local pension board must include an equal number, which is no less than 4 in total, of employer representatives and member representatives..."

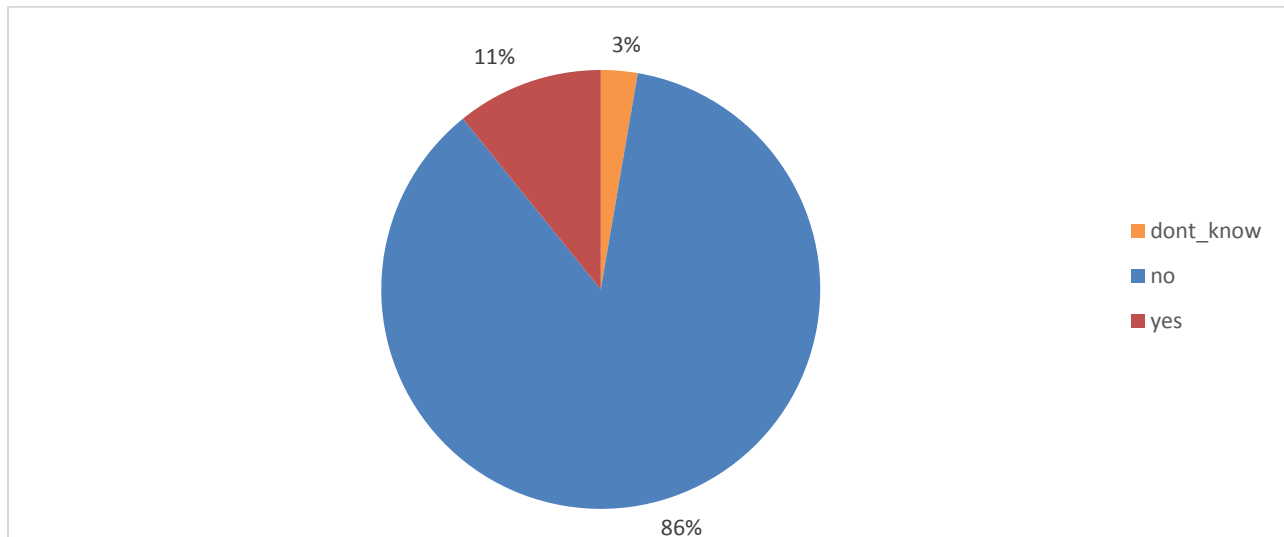
All of the respondents to the survey are compliant with this provision, with numbers ranging from two to four employer and employer (member) representatives in equal quantity. The majority of boards (62%) have elected to proceed with the minimum required number of two representatives in each category.

**Figure 4.2.1 – Composition of the boards.**



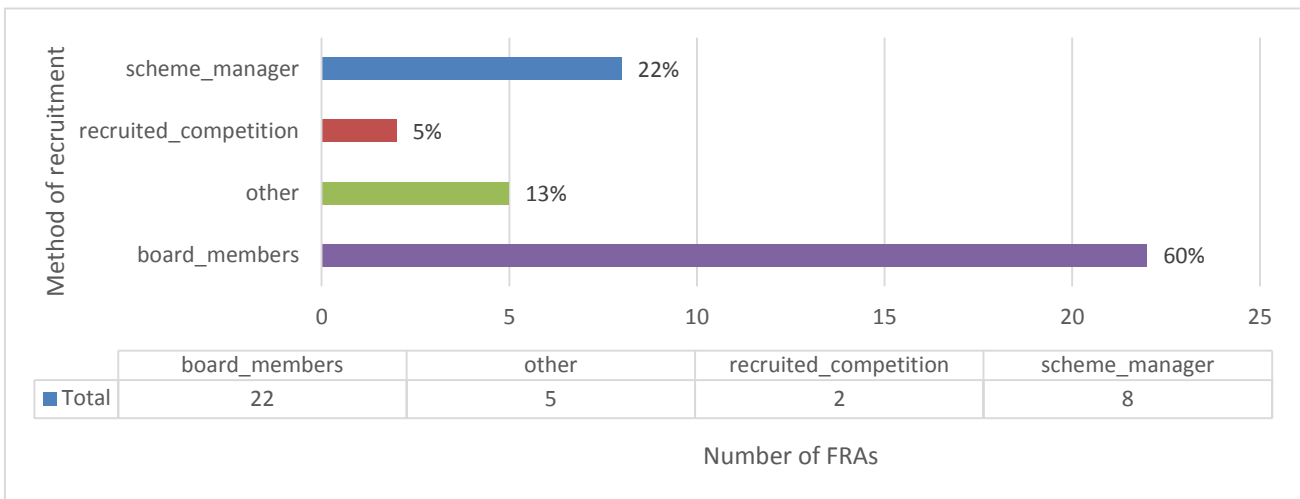
Each board’s Terms of Reference should specify a quorum for meetings and in particular whether that quorum should include a minimum number of employer and member representatives. According to the survey results, 11% of boards have held a meeting which was not quorate, 86% indicated that their board meetings have always been quorate and 3% did not know. There is no direct correlation between the number of members on a board and the likelihood of a meeting being quorate or not.

**Figure 4.1.5 – Have any board meetings not been quorate (proportion).**



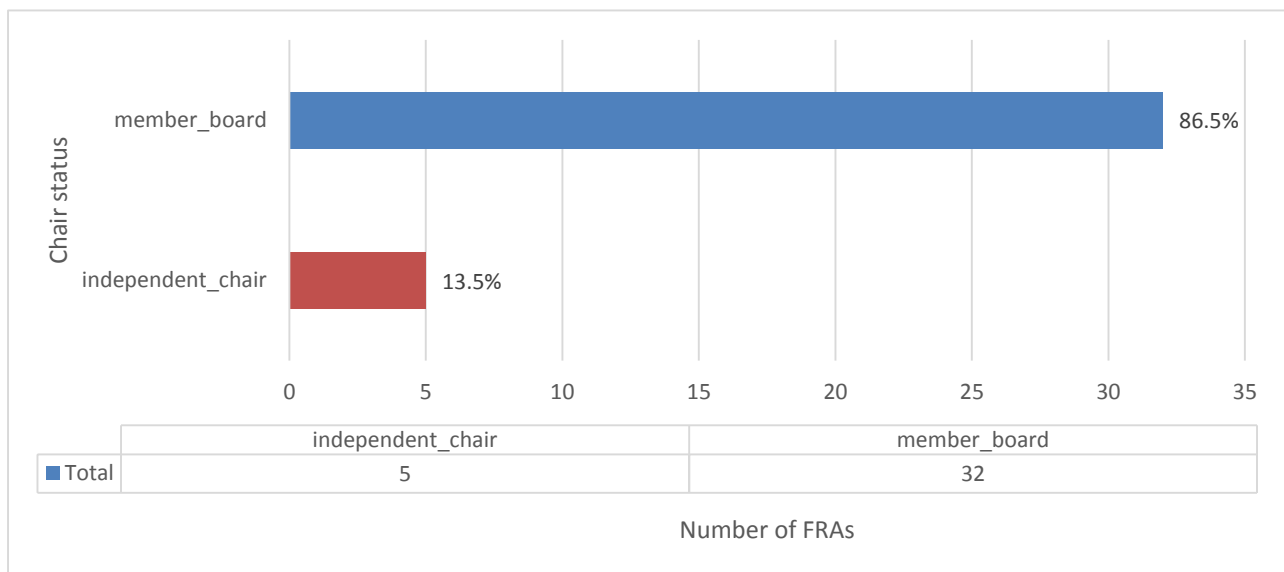
In 60% of responses, the chair of the board was elected by the board members, with 22% of scheme managers electing a chair. Only 5% of chairs were appointed following a recruitment competition, with the remaining respondents (13%) indicating that the chair was elected by other means.

**Figure 4.2.2 – Recruitment of board chair.**



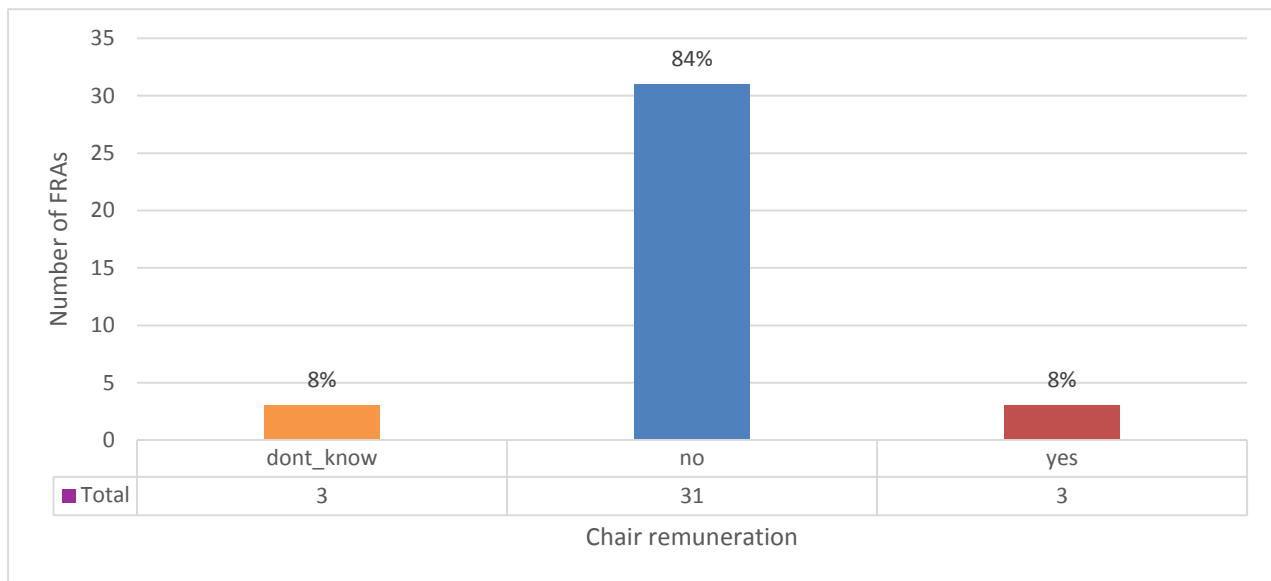
The majority of board chairs (86.5%) are also active members of the board, while the remaining 13.5% are independent chairs. There is some correlation between the status of the chair and the method of recruitment, with four of the five boards with an independent board chair stating that recruitment was carried out via competition or other means.

**Figure 4.2.3 – Status of board chair.**



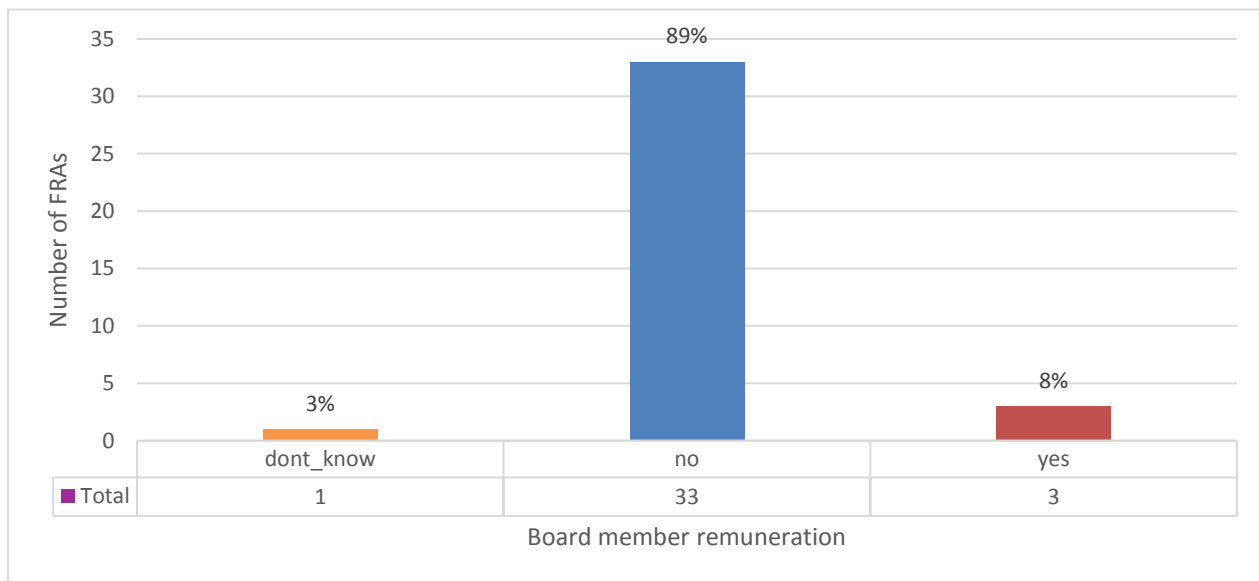
There was, however, no evidence that the status of the board chair impacted on whether they receive remuneration for the role. Almost 84% of chairs receive no remuneration, 8% are paid, and 8% of respondents did not know whether the chair receives payment or not.

**Figure 4.2.4 – Remuneration of board chair.**



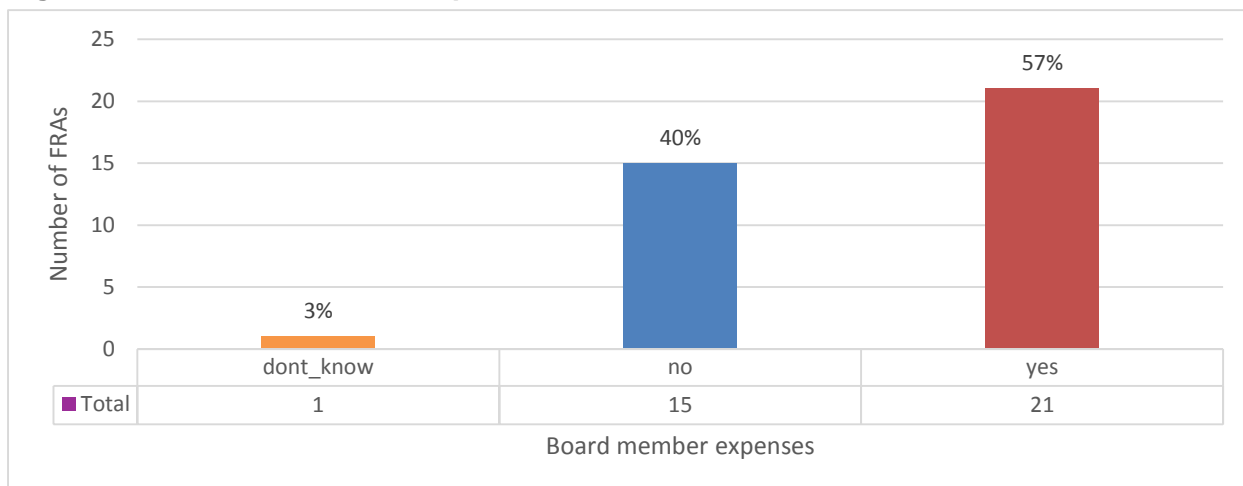
The three boards (8%) with a paid chair also remunerate other members of the board. A higher percentage (89%), of respondents indicated that other board members do not receive payment compared to the chair role and the remaining 3% did not know.

**Figure 4.2.5 – Remuneration of board members.**



While remuneration is not common, over half (57%) of the completed surveys indicated that expenses are paid to board members. However, 40% do not pay expenses and 3% did not know whether expenses were paid.

**Figure 4.2.6 – Board member expenses.**

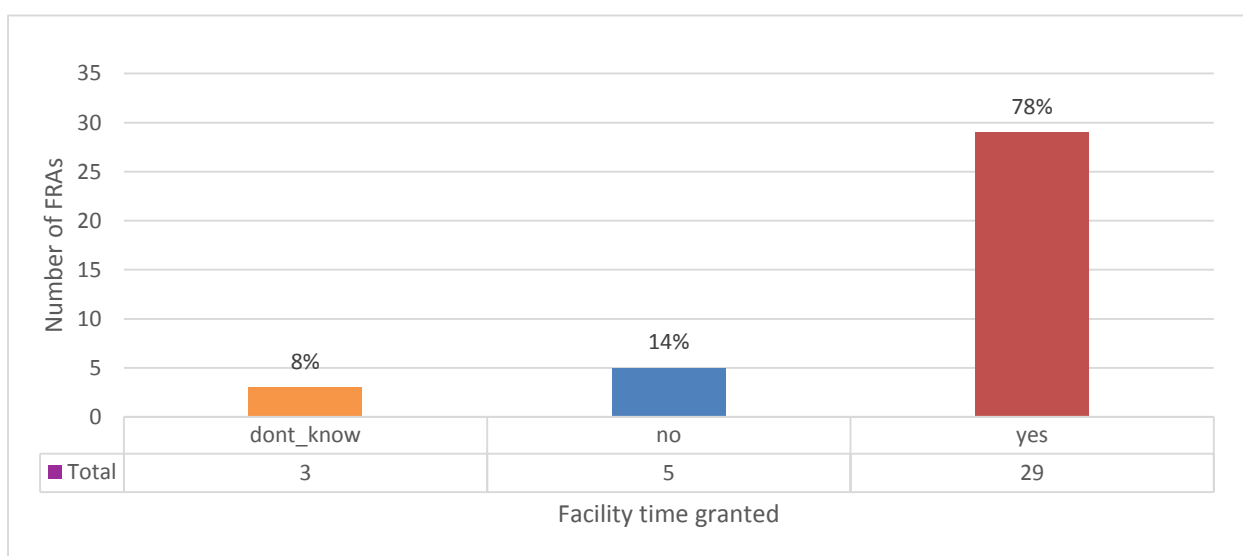


The wording of the question concerning ‘facility time’ was generally deemed to be confusing by the Committee, as the terminology is specific to trade union bodies. The intention of the question was to determine whether board members were given the appropriate support, which might be in terms of time, in order to be able to fulfil the requirements of the regulations [[Regulation 4B\(2\)\(a\) and \(b\)](#)] that a member should have ‘capacity’ to represent scheme members/ employers. This point is reiterated in the [LPB guidance](#) at paragraph 2.16:

*2.16 It will be important to appoint members who have the relevant experience as well as time to commit to attending meetings and effectively representing employers and members (as appropriate).*

It is unclear whether any uncertainty in relation to the question affected the results. A high proportion (78%) of boards indicated that facility time was given by the scheme manager to employee representatives of the board, while just under a quarter of respondents answered no (14%) or don’t know (8%).

**Figure 4.2.7 – Facility time given to employee representatives.**

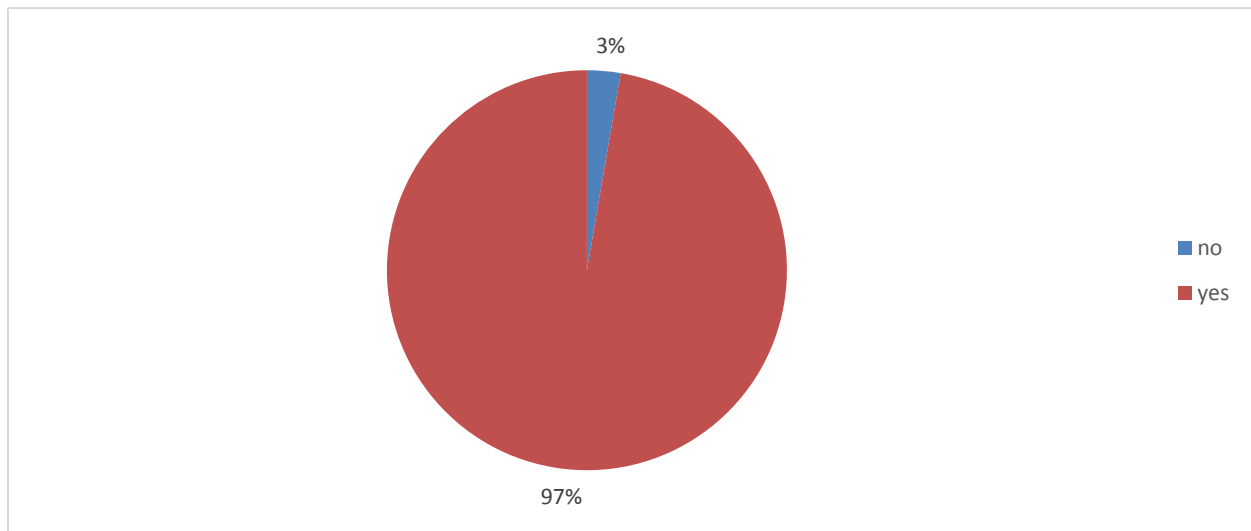


### 4.3 Key documents/ processes

100% of boards confirmed that they have a Terms of Reference in place. Where these have been made available to the Scheme Advisory Board secretariat, they have been uploaded to the dedicated local pension board section of the Board website [www.fpsboard.org](http://www.fpsboard.org).

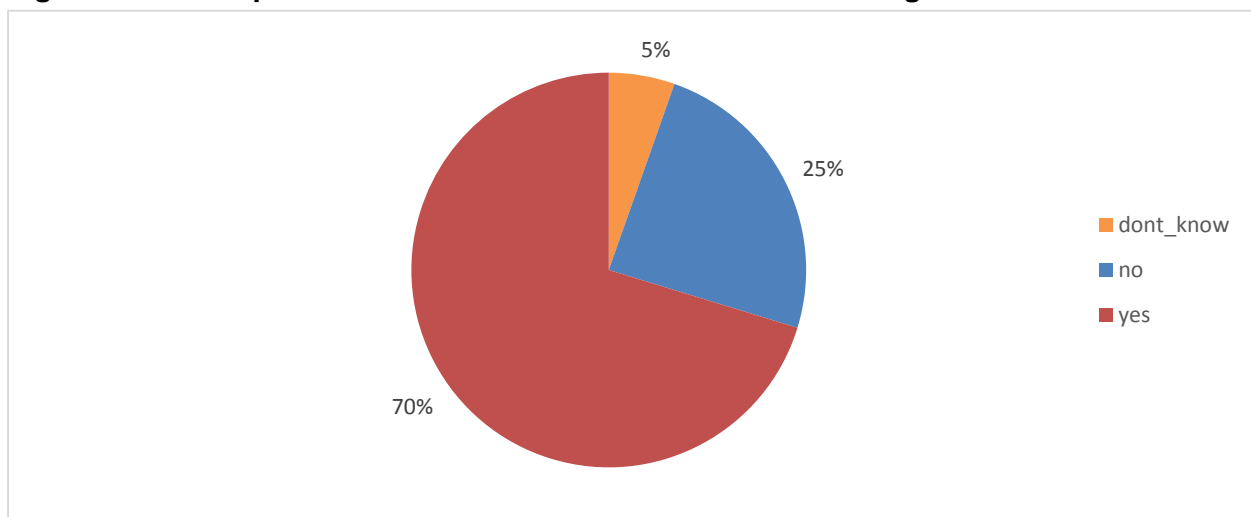
A high proportion (97%) of boards also hold a conflict of interest register, with just one respondent (3%) indicating that no register of conflicts exists.

**Figure 4.3.1 – Proportion of boards with a conflict of interest register.**



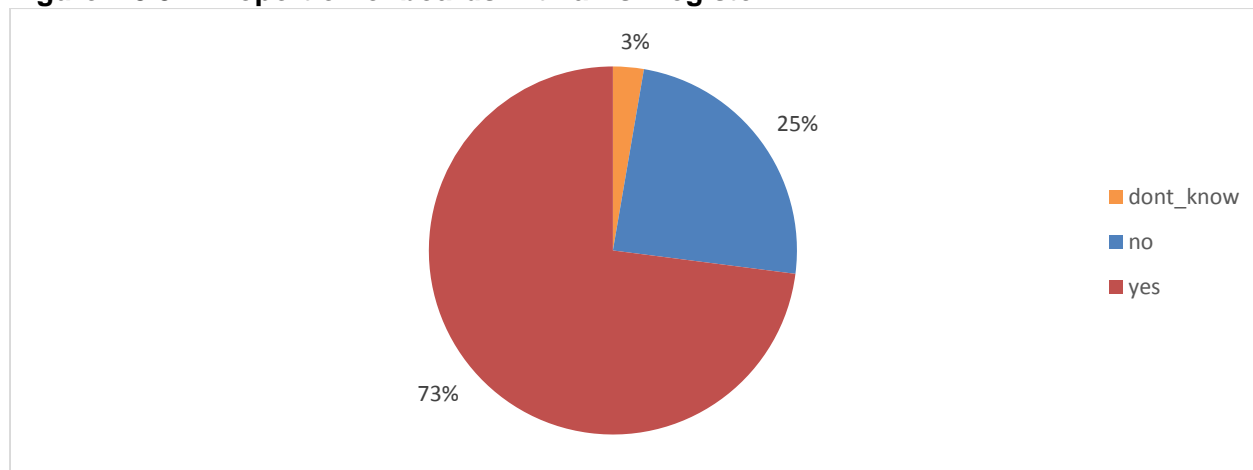
Around 70% of boards keep a register of breaches of the law, with one-quarter (25%) having no register of breaches in places, and 5% responding that they did not know.

**Figure 4.3.2 – Proportion of boards with a breaches of the law register.**



A similar response rate was noted concerning risk registers. A slightly higher percentage of boards have a risk register, at 73%. One-quarter (25%) have no register to record and measure scheme risk, and 3% did not know. A template risk register is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

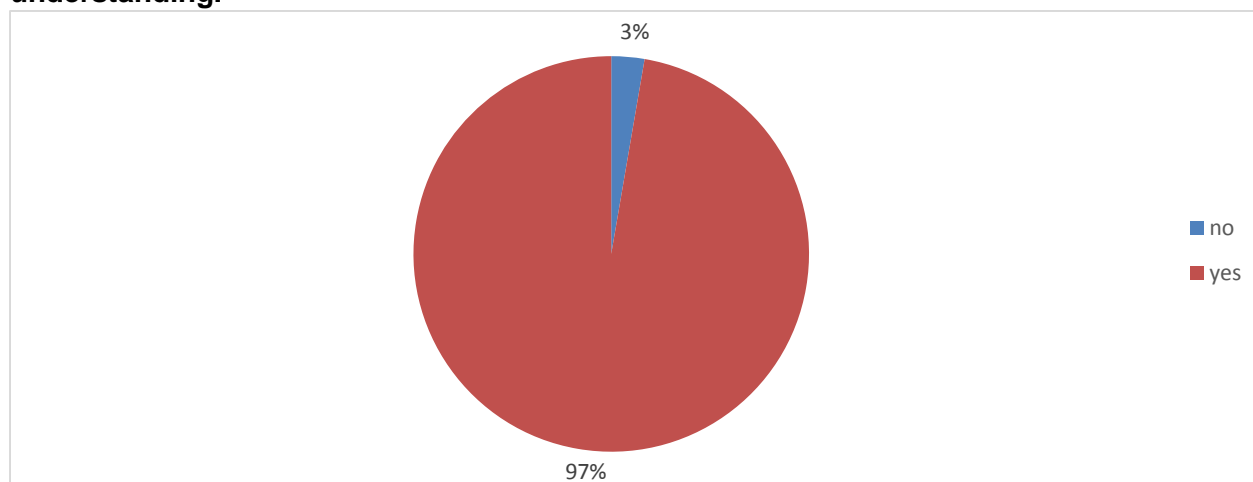
**Figure 4.3.3 – Proportion of boards with a risk register.**



The responses concerning the key documents are considered by the Committee to be very positive, and these results will be compared to the outcomes of the annual TPR Governance and Administration survey when that research is published later in the year.

In terms of key processes, the majority of boards (97%) confirmed that there is a training programme in place for board members to acquire knowledge and understanding, with only one board (3%) having no arrangement in place. A variety of training was detailed as having been completed in the free text responses, focussing mainly on the TPR toolkit and sessions provided by the LGA Firefighters' Pension Adviser.

**Figure 4.3.4 – Proportion of boards with a programme for members to obtain knowledge and understanding.**



Schemes were asked to evaluate their key documents and processes using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). All processes were rated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process. However, the programme for board members to acquire knowledge and understanding is not consistent with this trend.

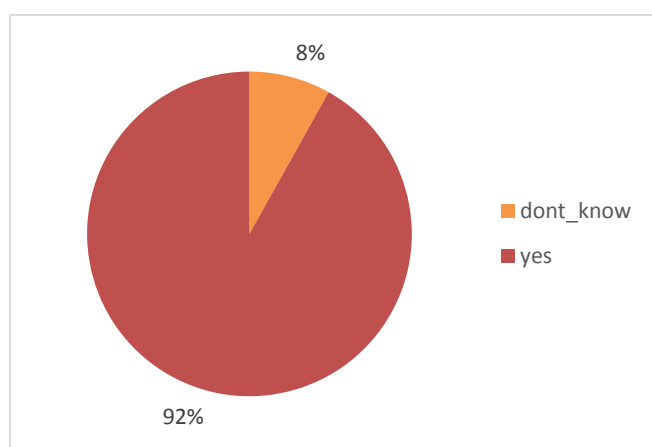
**Table 4.3.5 – Evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

## 4.4 Scheme governance

Almost all boards (92%) are compliant with guidance issued by the Scheme Advisory Board. There were no negative responses; the remaining 8% did not know. Comments were also invited where the board was non-compliant, with three free text responses being recorded.

**Figure 4.4.1 – Compliance with SAB guidance.**



**Table 4.4.2 – Comments on compliance.**

Comments
The knowledge and understanding of Board members could be better, this knowledge will help to ensure compliance.
The scheme board considers notifications from the Scheme Advisory Board.
There have been no breaches, however a formal breaches register has not been set up. There is a corporate risk register, however, pensions is not currently covered by the register.

Respondents were asked to give three examples of where they felt the board is working well and three examples where they felt the board could improve what it does. Full details of the responses are attached at Annex C and D respectively, however, the following key themes were identified and have been summarised below. Interestingly some themes were common across both sets of responses.

**Table 4.4.3 – Key themes relating to boards working well.**

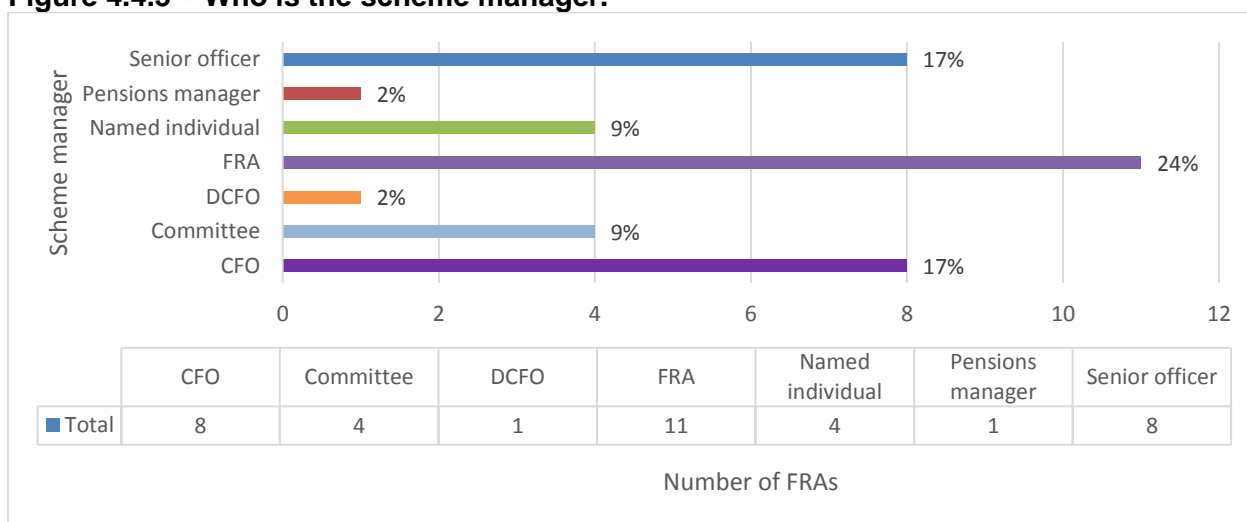
Joint working and collaboration; positive engagement between scheme manager and board.
Good attendance and regular meetings.
Implementation of key documents: risk and breach registers, action plans and training logs.
Increased awareness of issues affecting the FPS.
Performance and annual reporting.
Improved scheme communications.
Ability to monitor compliance.

**Table 4.4.4 – Key themes relating to areas for improvement.**

Implementation and publication of key documents: risk and breach registers.
Turnover of board members and subsequently keeping skills up to date.
Formation of joint i.e. regional boards.
Training.
Increase profile of board within organisation.
Increase number of board members.
Scheme manager communication/ engagement and attendance at meetings.

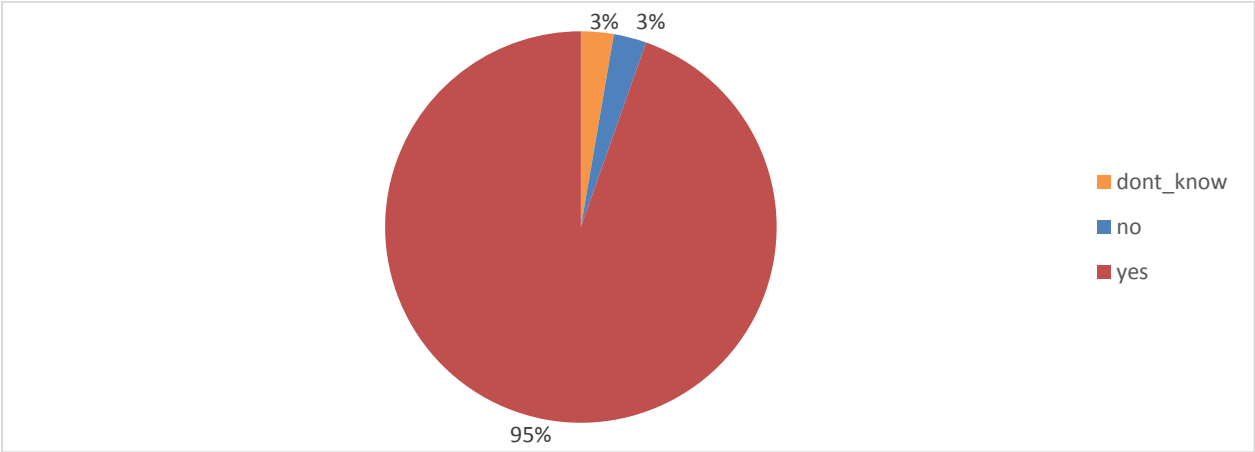
Lack of consistency in response to the questions relating to the role and delegation of the scheme manager highlighted to the Committee that there remains possible confusion among boards around this issue, or that the questions were poorly worded.

Almost a quarter of boards (24%) listed the FRA as the scheme manager, which is consistent with the definition in the regulations. However, the expectation is that this responsibility is generally delegated to another individual in a senior position within the Authority. This was the case over a third (36%) of the total responses, while the remaining FRAs have delegated the scheme manager role to a committee (9%) or the response specified a named individual (9%). The pensions manager was listed as scheme manager by only one board (2%).

**Figure 4.4.5 – Who is the scheme manager.**

The majority of boards (95%) confirmed that there is an effective delegation of the scheme manager in place, yet this is inconsistent with the responses in Figure 4.4.5 which show that the responsibility has not been delegated by the FRA in 24% of cases. A small percentage of boards answered no (3%) or don't know (3%).

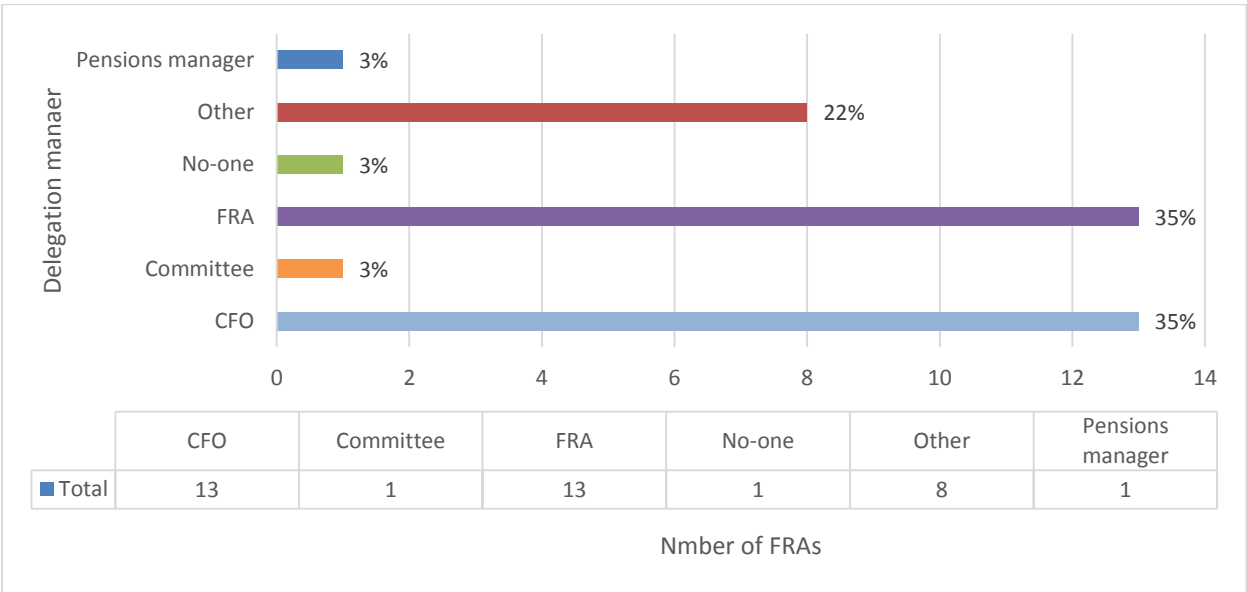
**Figure 4.4.6 – Proportion of boards with an effective delegation of the scheme manager in place.**



Almost three quarters of all boards responded that the delegation is managed by either the FRA (35%) or the Chief Fire Officer (35%), with nearly a further quarter (22%) naming another senior position within the Authority, which have been amalgamated as ‘other’ in Figure 4.4.7. One board (3%) stated that no-one manages the delegation, which is consistent with the response above, and the remainder listed the pensions manager (3%), or a committee (3%).

Over one quarter (27%) of the respondents listed the same individual or committee as the scheme manager **and** the manager of the delegation. Respondents were also asked to evaluate the management of the delegation using a 1-10 scale (where 1 was ‘very poor’ and 10 was ‘very good’). A mean score of 8.1 was returned.

**Figure 4.4.7 – Who manages the scheme manager delegation.**



Schemes were asked to evaluate the interaction between the scheme manager and the board, and the ability of the board to identify non-compliance and recommend further action, using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). While all ratings are positive, with a mean score of over 7 in each category, the board's ability to identify non-compliance is reflective of Table 4.3.5 which shows a lower proportion of boards with a breaches and risk register in place than other key documents.

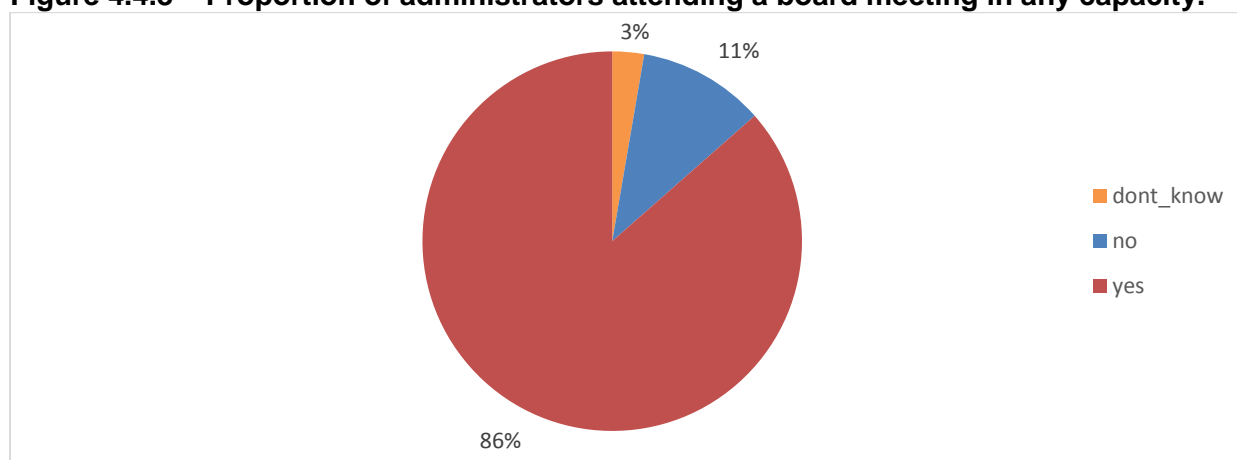
**Table 4.4.8 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards also reported positive engagement of the administrator with the local pension board, with the administrator attending one or more meeting in 86% of responses. Of the remaining 14%, 11% of administrators had not attended a meeting in any capacity and 3% of boards did not know.

While it may not be appropriate or relevant for the administrator to be invited to all board meetings, it could be reasonably expected that they would provide an update report for discussion.

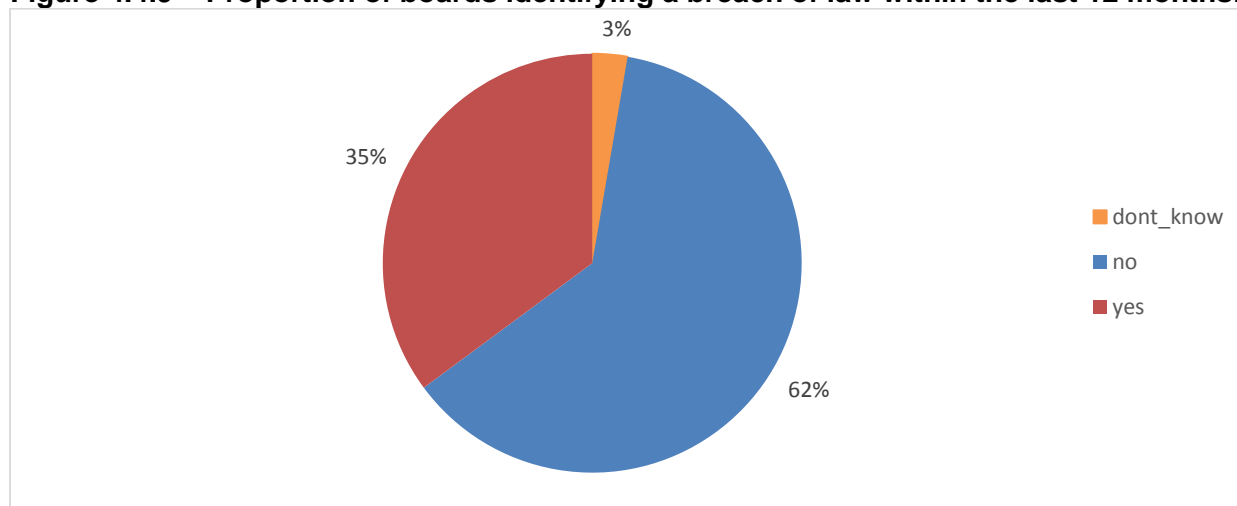
**Figure 4.4.8 – Proportion of administrators attending a board meeting in any capacity.**



Over a third (35%) of boards stated that a breach of the law had been identified within the last 12 months, with just under two-thirds (62%) stating that no breaches were identified. The question did not specify whether any breach identified was of material significance or not.

The Committee agreed that there is confusion among boards on what constitutes a material breach and is in the process of developing a breach assessment template which will help boards both identify and record/ report breaches.

**Figure 4.4.9 – Proportion of boards identifying a breach of law within the last 12 months.**



Boards were asked to describe ways in which they think the working relationship between the scheme manager, Fire and Rescue Authority could be improved and comment on any other aspect of the new governance arrangements that they considered to be relevant

This was captured verbatim and full details of the responses are attached at Annex E and F respectively. The following key themes were identified and have been summarised below. While the majority of comments received relating to the new governance arrangements considered them to be overly complex and onerous, considering the unfunded nature of the FPS, other boards felt that the establishment of the Scheme Advisory Board and increasing support from the LGA has had a positive impact on the administration of the scheme.

**Table 4.4.10 – Key themes relating to improving working relationships.**

Better communication.
Provision of reports.
More clarity on roles/ responsibilities.

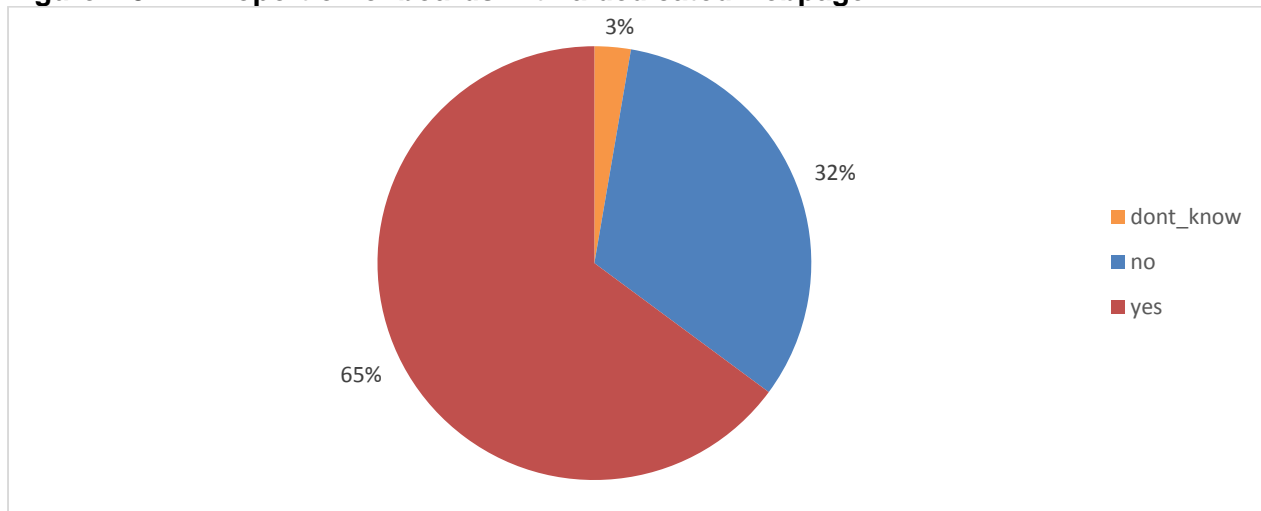
**Table 4.4.11 – Key themes relating to new governance arrangements.**

Overly complex and time-consuming for unfunded schemes and lack of decision making responsibility.
Duplication of effort nationally.
Establishment of SAB and support from LGA has been positive impact.

## 4.5 Board communications

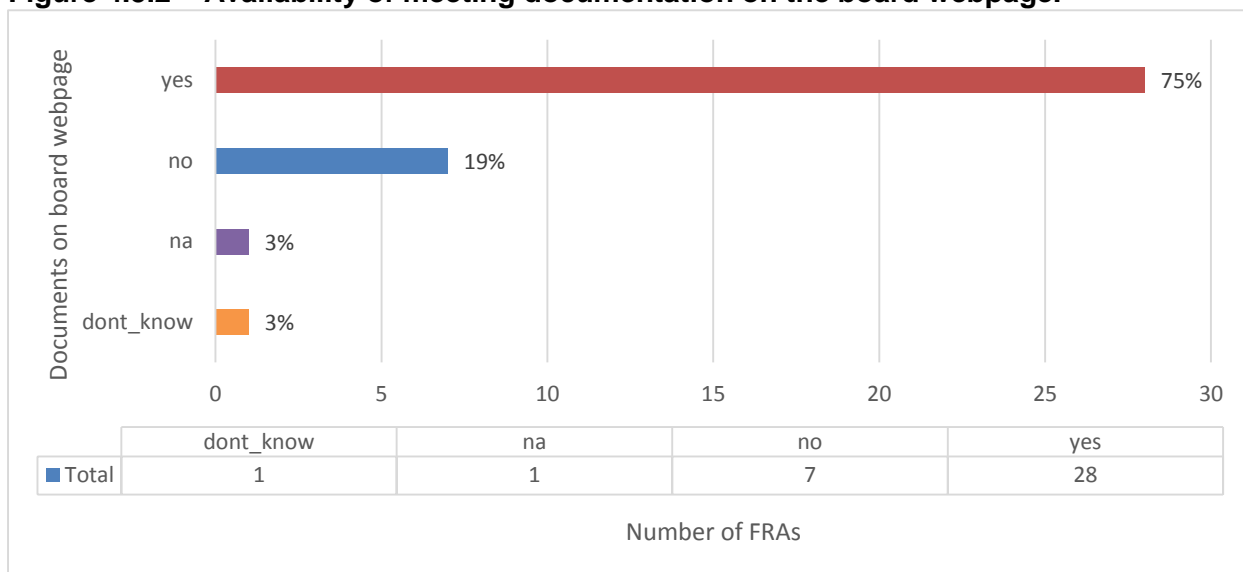
Almost two-thirds (65%) of boards have a dedicated webpage on their Fire and Rescue Service website. Links were provided within the responses where the answer was yes, and these have been verified where the link is external. Almost one in three (32%) do not have a board webpage, and 3% did not know.

**Figure 4.5.1 – Proportion of boards with a dedicated webpage.**



Three-quarters (75%) of respondents stated that meeting agendas and papers are available on the board webpage. The remaining quarter of responses were split between no (19%), not applicable (3%), and don't know (3%). A greater percentage of not applicable responses may have been expected, to more accurately reflect the percentage of boards with no dedicated webpage. However, as there is a requirement for boards to publish information, the documents may be held in a different online location.

**Figure 4.5.2 – Availability of meeting documentation on the board webpage.**

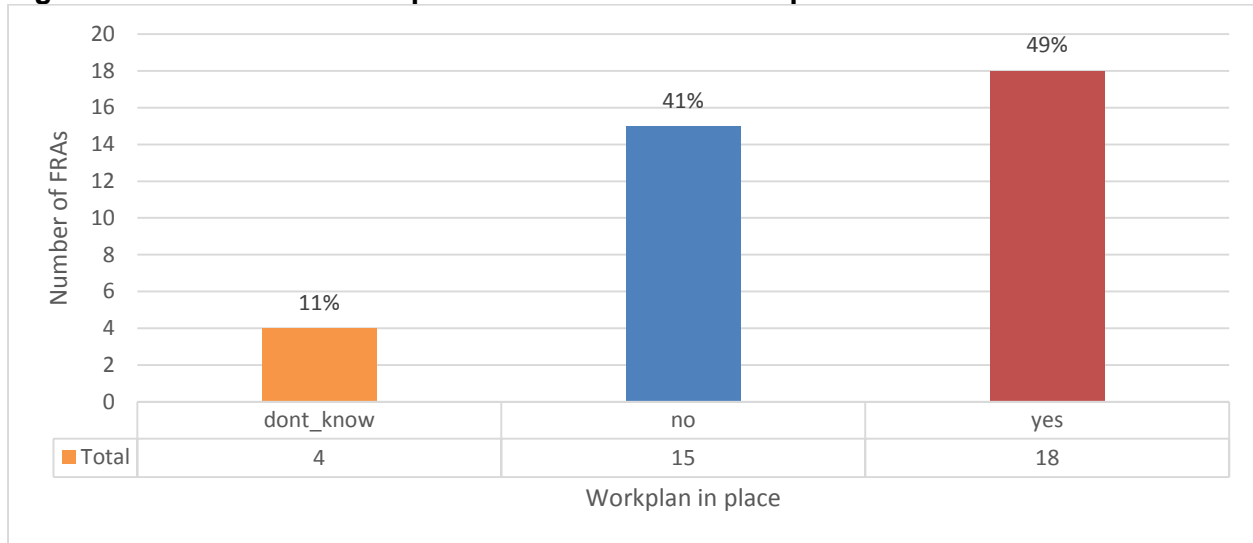


Just under half (49%) of local pension boards have a workplan; 41% have no plan and 11% of respondents did not know whether their board has a plan. For comparison, around 86% of LGPS boards have a workplan in place<sup>1</sup>.

A template workplan is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

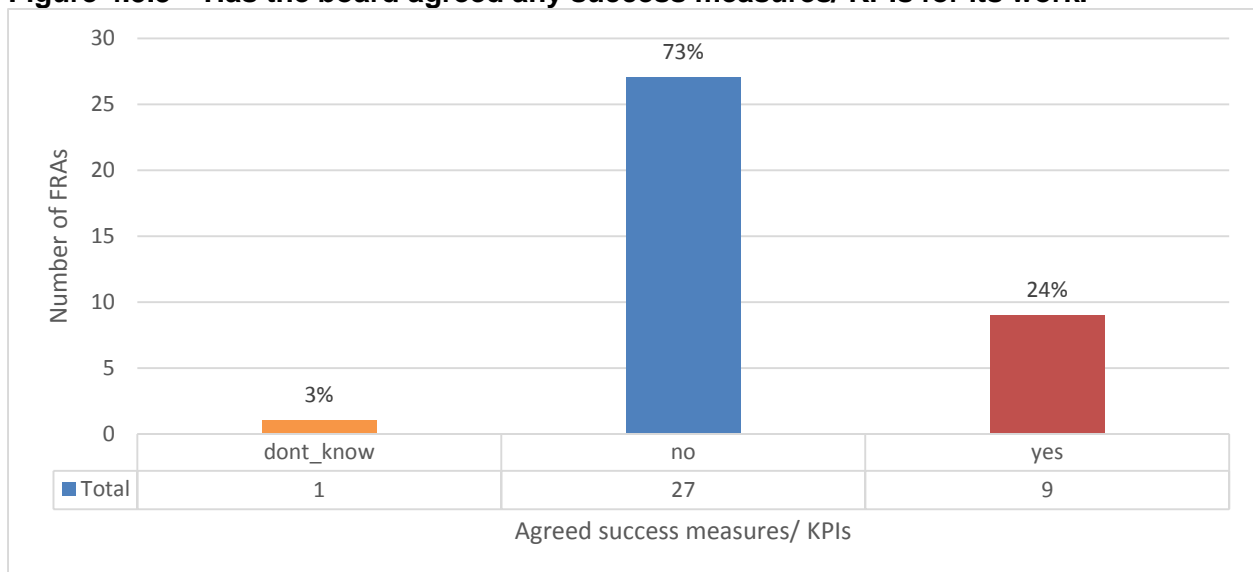
<sup>1</sup> Insert link to LGPS survey analysis when available.

**Figure 4.5.2 – Does the local pension board have a workplan.**



Boards do not tend to have mechanisms in place to measure the success or effectiveness of their work, with just under one in four (24%) boards having agreed any success measures or Key Performance Indicators (KPIs). Almost three-quarters (73%) of boards indicated that there are no agreed KPIs, and 3% did not know if any measures are in place.

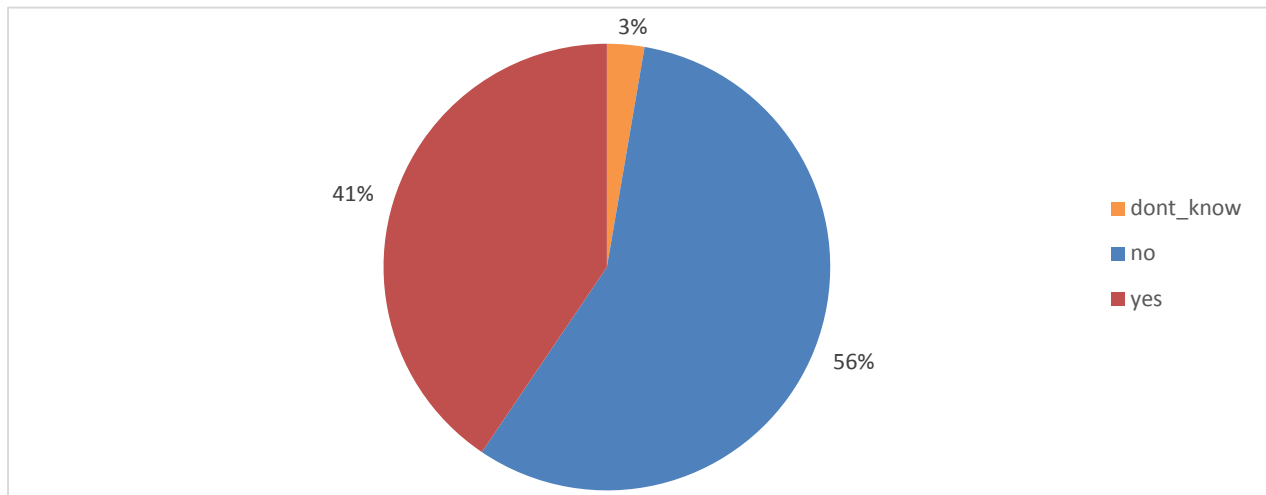
**Figure 4.5.3 – Has the board agreed any success measures/ KPIs for its work.**



The percentage of boards producing an annual report was quite evenly split, with 41% of respondents confirming that a report is produced and 56% indicating that a report is not produced. The remaining 3% did not know whether an annual report is issued.

The Committee is considering development of an annual report template to assist boards in this regard.

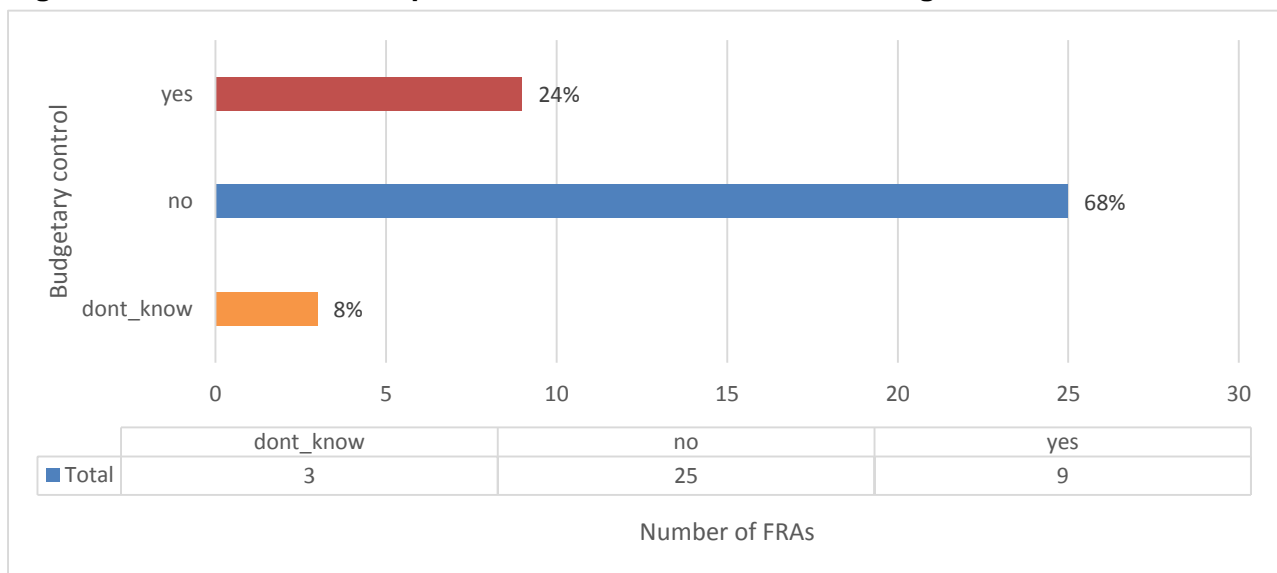
**Figure 4.5.4 – Proportion of boards producing an annual report.**



## 4.6 Board budget

Around a quarter (24%) of boards responding to the survey have control of a budget, and over two-thirds (68%) do not. A small proportion (8%) of respondents were not aware whether the board have any budgetary control. Two of the three boards with a paid chair also have control of a budget, though there are a further seven boards with a budget and an unpaid chair, so there is no direct link between the two conditions.

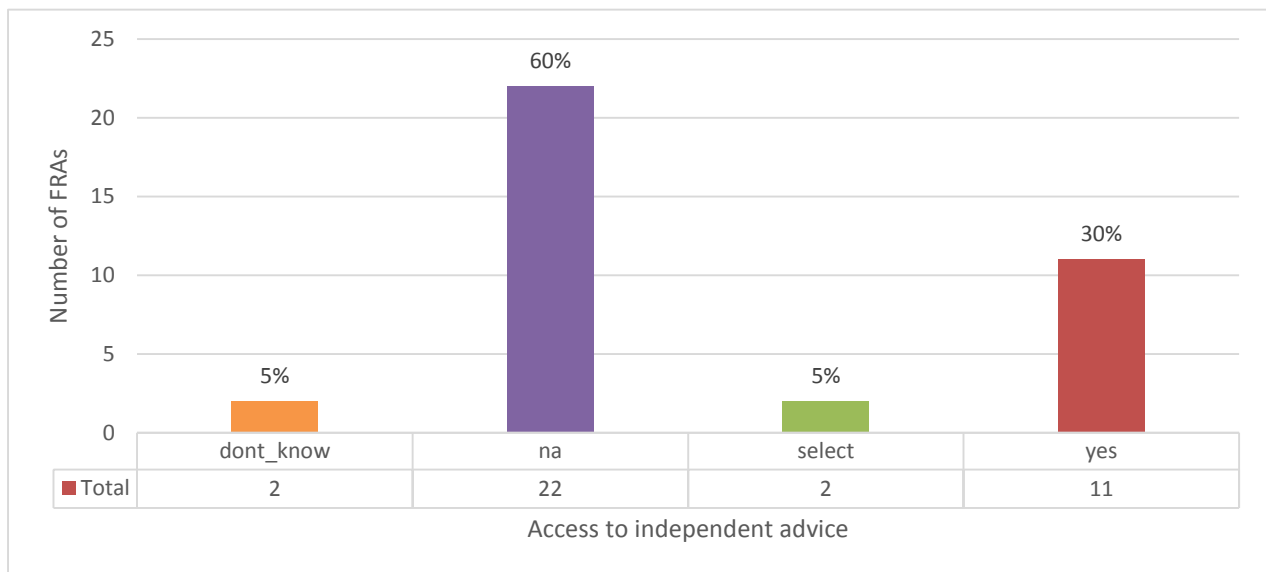
**Figure 4.6.1 – Does the local pension board have control of a budget.**



All of the boards with control of a budget indicated that this budget can be used to access independent external advice, in addition to two which stated that they have no control of a budget, therefore equating to 30%.

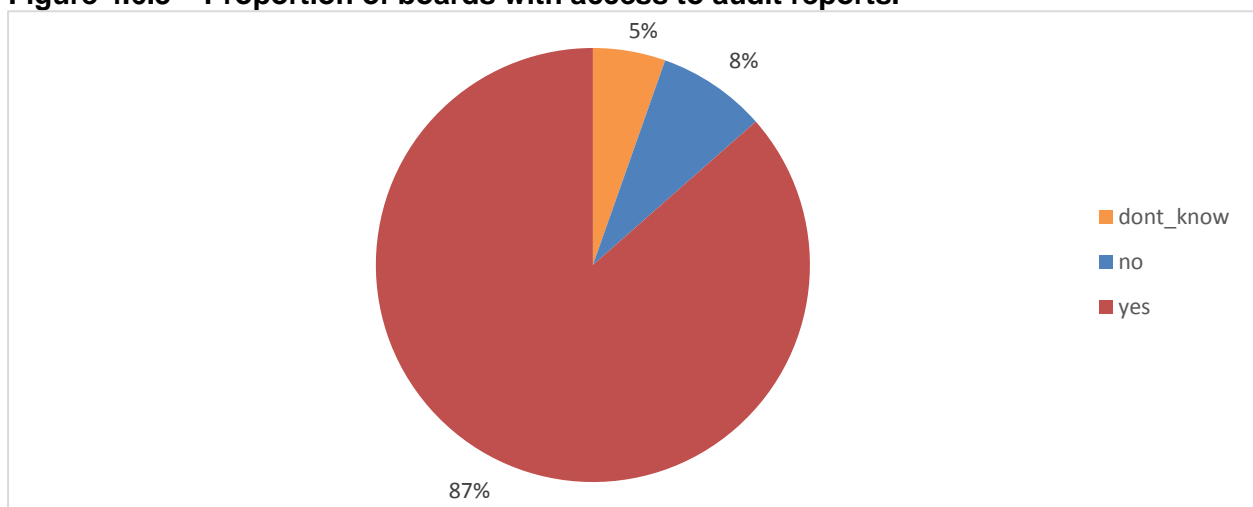
Two respondents (5%) did not select a relevant option from the drop down box, and the remainder were split between not applicable (60%) and don't know (5%).

**Figure 4.6.2 – Can the budget be used to access independent external advice.**



Overall, 87% of boards have access to internal and external audit reports. The percentage without access to such reports is 8%, and 5% did not know. The committee would be interested to further investigate whether audits of the boards take place, or if this would be effective measure of success to recommend to boards.

**Figure 4.6.3 – Proportion of boards with access to audit reports.**



## 5. Recommendations

The Committee would like to thank all boards that were able to submit a response for their participation in the survey, and for continuing to support the work of the Scheme Advisory Board (SAB). The Committee will endeavour in the future to engage with boards that did not respond to the survey, to assess whether additional support is required and the necessary action that could be required by the SAB.

### 5.1 Board meetings

Although the minimum number of meetings is not specified in legislation, the Committee consider that four meetings per year is good practice to allow monitoring of statutory requirements and identify breaches in a timely manner.

### 5.2 Board membership

While the number of members on a board is not of concern providing the minimum legislative requirements are met, turnover of membership and the associated challenge of maintaining members' knowledge and understanding is a potential risk.

Therefore, it is recommended by the Committee that boards consider reviewing their Terms of Reference to set out an aspirational terms for members, in particular extending the tenure for the board chair to a minimum two year term, to consider how they can achieve levels of consistency, while benefiting from occasional new members who would offer fresh ideas and challenges. The selection and nomination procedures should also be amended to include how appointments are both made and removed.

### 5.3 Key documents/ processes

An encouraging number of boards have all key documents and processes in place, and satisfaction with these is generally high. The Committee would highlight the [resources](#) available to boards via the Scheme Advisory Board website to assist those who may not yet have developed or implemented all key processes.

The secretariat also requests that any missing or revised Terms of Reference are submitted to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk) for inclusion on the [Local Pension Boards](#) page.

The rating anomaly for the programme of knowledge and understanding has been noted and the Committee will consider future targeted training requirements based on the analysis of the survey. It is recommended that training is on-going and that it is sector-specific

### 5.4 Scheme governance

Considering the potential uncertainty relating to the role and delegation of the scheme manager function, the Committee would like to promote the available [guidance](#), which is extracted from training delivered to local pension boards by the LGA Firefighters' Pension Adviser.

To assist boards with the identification and recording/ reporting of breaches of the law, the Committee is developing a breach assessment template.

While the Committee acknowledges the view that the new governance arrangements seem overly complex, development of a comprehensive risk register may assist boards in recognising the importance of the provisions in promoting correct management and administration of the schemes. Although there is no investment fund to manage, errors in notional fund accounting can have significant impact, as evidenced by the recent case of injury awards from the Firefighters' Compensation Scheme being incorrectly paid from FRA pension accounts.

## 5.5 Board communications

As there is a requirement for boards to publish information, the Committee think it would not be unreasonable to recommend that boards consider requesting a dedicated webpage on their main FRS website if this does not exist already.

Development of a workplan would allow boards to set their priorities and objectives for the year, and also give a basis for measuring progress. A detailed example workplan is available from the [resources](#) section of the Scheme Advisory Board website.

It is important for boards to be able to measure and demonstrate their success, due to the tremendous amount of hard work and dedication existing within these local arrangements that should be acknowledged. The Committee therefore recommends the development of agreed success measures and KPIs.

An annual report would be an ideal channel for promoting boards' work and achievements. The Committee is considering development of an annual report template to assist boards in this regard, and would recommend inclusion of the following:

- Membership and meetings of board
- Local arrangements
- Board assessments
- Identified Risks and Mitigation
- Recorded Breaches
- Data Review
- Annual Workplan and reviews
- Training
- Expenses and Costs
- Recommendations

## 5.6 Board budget

The Committee were comfortable with the responses regarding board budgets and have no recommendations, other than to note that it may be more efficient for the Scheme Advisory Board to obtain external and independent advice, rather than individual boards.

## Annex A: Survey questions

- 1 When did the Board first meet?
- 2 How often a year is the Board required to meet?
- 2 How often a year is the Board required to meet?
- 3 How many meetings have been held to date?
- 3 How many meetings have been held to date?
- 4 What is the number of employer representatives on the Board?
- 5 What is the number of employee representatives on the Board?
- 6 Was the Chair of the Board:
- 7 Is the Chair of the Board:
- 8 Is the Chair of the Board remunerated?
- 9 Are any other members of the Board remunerated?
- 10 Are expenses paid to Board members?
- 11 Is facility time given by the scheme manager to employee representatives of the Board?
- 12 Does the Board have a terms of reference?
- 13 Does the Board have a conflict of interest register?
- 14 Do you keep a register of breaches of the law?
- 15 Is there a risk register?
- 16 Is there a programme for Board members to acquire knowledge and understanding?
- 16a What training has been undertaken so far?
- 17i Rate the terms of reference
- 17ii Rate the conflict of interest register
- 17iii Rate the register of breaches
- 17iv Rate the risk register
- 17v Rate the knowledge and understanding programme
- 18 Is the Board compliant with guidance issued by the Scheme Advisory Board?
- 19 Reasons for the compliance of the Board with the guidance issued by the Scheme Advisory Board
- 20 Three examples where you think the Board is working well
- 21 Three examples where you think the Board could improve what it does
- 22 Who or whom is the scheme manager?
- 22a Is there an effective delegation of the scheme manager in place?
- 22b Who manages the delegation?
- 22c On a scale of 1 to 10 how would you evaluate the management of the delegation?
- 23i Rate the relationship between the scheme manager and the board?
- 23ii Rate the boards ability to identify non-compliance with legal requirements?
- 23iii Rate the boards ability to make recommendations to the scheme manager when non-compliance has been identified?
- 23iv Rate the scheme manager response to any such recommendations?
- 23v Rate the effectiveness of communication between the scheme manager and the board?
- 24 Has the administrator in any capacity attended any local pension board meetings?
- 25 In the last 12 months, have any breaches of the law been identified by the local pension board?
- 26 Who is responsible for agreeing the agenda for local pension board meetings?
- 27 Have any local pension board meetings not been quorate?
- 28 Is voting a regular feature of local pension board meetings?
- 29 Does the local pension board have a webpage on the Fire and Rescue Service web site?
- 29a If so, what is the address?
- 30 Does the local pension board have a workplan?

- 31 Has the local pension board agreed any success measures/KPIs for its work?
- 32 Has the local pension board produced an Annual Report?
- 32a If so, where is it published?
- 33 Are the local pension boards papers agenda, papers, etc, available on the boards webpage?
- 34 Does the local pension board have control of a budget?
- 35 If it has a budget, can it be used to access independent external advice?
- 36 Does the local pension board have access to internal and external audit reports?
- 37 Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.
- 38 Comment on any other aspect of the new governance arrangements that you consider to be relevant
- 39 Capacity in which you are completing this survey
- 40 Name of the organisation/pension board you represent

## Annex B: Respondents

Avon Fire & Rescue Service  
Bedfordshire FRS  
Buckinghamshire Fire & Rescue Service  
Cambridgeshire and Peterborough Fire Authority  
Cleveland Fire Authority LPB  
Cornwall Pension Fund  
County Durham and Darlington Fire and Rescue Service  
Devon & Somerset FRS  
Essex County Fire & Rescue  
Essex Fire and Rescue  
Essex Fire and Rescue Service  
FBU  
Gloucestershire FRA  
Gloucestershire FRA  
Hampshire  
Humberside Fire Authority  
Isle of Wight Fire Authority  
Kent and Medway Towns Fire and Rescue Authority  
Lancashire Combined Fire Authority  
Leicestershire Fire and Rescue Service  
Lincolnshire County Council  
Merseyside Fire and Rescue Authority  
Mid and West Wales Fire and Rescue Authority  
North Yorkshire Fire and Rescue Service  
Northumberland County Council  
Nottinghamshire Fire and Rescue Service  
Royal Berkshire Fire and Rescue Service  
Royal Berkshire Fire Authority  
Shropshire and Wrekin Fire and Rescue Authority  
Shropshire Fire and Rescue Service  
South Yorkshire Fire & Rescue Authority  
Stoke on Trent and Staffordshire Fire and Rescue Authority  
Suffolk Firefighters Pension Board (Suffolk County Council)  
TWFRS  
West Midlands Fire and Rescue Authority  
West Sussex County Council / WSFRS  
West Yorkshire Fire & Rescue

### **Excluded from analysis:**

Derbyshire Fire and Rescue Service  
Greater Manchester Fire & Rescue Service  
London Fire Brigade  
Warwickshire County Council

## Annex C: Q21. Three examples where you think the Board is working well

Agenda planning with Scheme Administrator, Payroll and Pensions staff and Governance support, Involvement and commitment of Pension Board Members , Appointment (2017) of Lead member for LPB from Scheme Manager to strengthen links
Review of the Pension Administration external service level agreement performance. Review of communication of pension issues with active members. Identification of pension members needs.
Joint working / sharing of knowledge with other Fire Authorities; Risk identification, Scrutiny of Scheme Manager actions
Regular attendance at meeting, Annual report to the Scheme Manager
Good attendance and desire to understand the schemes, Constructive dialogue with the FBU, Cohesive approach with regional services and pensions administrator
Meets regularly, Continuing to build a good working relationship with the Audit Committee, Providing additional assurance following a Breach of the Regulations and putting processes in place to prevent a re-occurrence
Engagement between Scheme Manager and Pension Board Chair/Pension Board, Awareness of current and forthcoming issues, Board engagement including Administrator attendance.
Pensions Administrator attends and provides regular performance reports, Have developed an action plan and training log, Members have a general understanding of the FFPS
Consistent board members, Prioritises attendance to meetings
Monitoring of the scheme, Good meeting content which is supporting awareness and understanding of LPB members, Recognition of the need to increase frequency and time allocation due to the complexity of the agenda items
Good passage of information between the Administrator / Pension Board and Scheme Manager (Representative), Regular meetings, Stability of Pension Board members (only one change in two years)
The board have introduced training and are committed to this, The meetings run efficiently
Commitment to training, Liaison with the Scheme Administrator
Good communication between employers and employees, regular meetings, and joint effort on attending training events.
Intranet site, Planning forward what we will be looking at
Meetings are well attended, Pension fund administrators provide regular reports, Open dialogue with regard to any pension matters and TOR reviewed to enable Chair to be elected from board.
good participation and attendance by all on the board, common goal, all want the same thing, excellent support by our pensions lead

Constructive board member relationships. Useful contribution to scheme communications.
very effective scheme member engagement, keen to make improvements to the governance of the schemes
1 - commitment - attendance at meetings 2 - recognition of role - adherence to TOR 3 - technical advice provided at meetings
1. Scrutiny on the progress of implementation of national settlements such as Norman vs Cheshire 2. scrutiny of progress on formulation and implementation of risk register and associated control measures
1. Work on Risk Register 2. Good balance of Employer and Employee representatives
regular meetings, Good representation on both sides, Good training programme
Meets regularly Has all policies in place, Growing awareness across the Service of the board
Training, Gaining greater awareness, Helping with Procuring of new pension administrator
1. Good relevant TOR 2. Good Cross section of membership 3. Positive decision making forum
Good relevant TOR Good cross section membership Positive decision making forum
Good working relationship between board members
Following national guidance to set format, timings, structure, agenda and forward planning established
Genuine interest of board members to support and engage Scheme Administrator
Established structure and governance - good but can be improved upon, Starting to establish greater knowledge of schemes, Establishing closer working between pensions team, board and SAB.
1. Constructive challenge of Scheme Manager: - .e.g. LPB asked the Scheme Manager to confirm some optant out figures as they seemed particularly high
2. Impartial and active contribution in helping to address tricky pension issues: - e.g. the treatment of temporary promotions and whether they should be treated as pensionable or not.

3. Willingness to engage and be involved: - e.g. keen to get more pension information available, communications, presentations, new employer pension web pages.
Governance and Admin, Scheme Manager and Pension Administrator guidance and attendance at meetings, Compliance with TPR and information from their website
There have been no issues so far which required a vote. The Board has been able to focus on changes in regulations and check that the FRA has complied with the changes.
appropriate policies and procedures in place, awareness of TPR priorities and as a result relevant actions have been put in place by the LPB e.g. Risk Register developed and in place, Data Review underway, Summary of Code 14 Principles collated and ma
Monitor performance of the scheme administrator, discusses concerns of employees with regards to pensions.
1. Up to date with policies and procedures 2. Regular meetings

## Annex D: Q22. Three examples where you think the Board could improve what it does

Risk Register, Greater capacity to develop the Board, Better Learning and Development for the Board
Can't think of any.
Keeping skills of Board up to date due to high turnover of members, The Board find it difficult to understand the complexity of the pension scheme and associated regulations, Need to develop data improvement plan
Better knowledge and understanding, Greater involvement with pensions outside the Board meeting
Further explore a regional board as the administrator is the same, we meet as scheme managers and the geographical area is compact
Consistency in representation of members - complex area but membership of the CFA changes ergo membership of the board changes
Employee representation - predominantly trade unions but sometimes this causes conflict (where decisions benefit some members but not all) therefore they simply fall silent on a matter. Employees should be able to attend to speak but this is not actively encouraged (by the FBU)
Board requesting information from Scheme Manager and also supporting the Scheme Manager in work to be undertaken. Awaiting documents from the Scheme Advisory Board (templates, matters to address, draft agenda, proposed workplan, suggested KPIs, annual report template etc.).
Members could have a more in depth understanding of the FFPS and statutory requirements, More policies in place, A report produced.
Could meet more frequently, Could challenge more, Could undertake more training
To introduce a formal risk register, To publicise the list of any breaches, To improve comms between the LPB and Authority Members who are the formal Scheme Manager
Increased profile of role of Pension Board to members, Training, Increase integration with Scheme advisory board
Improve the risk register, Further improvement of knowledge
Greater focussed KPI's, Greater communication with the Fire Authority as the Scheme Manager, Knowledge
better information given to new board members when initially joining, not just filling in the on line training pack
Get better understanding of some of the detail of the rules, More direct access to Fire Authority rather than through a manager
Scheme manager to attend meetings regularly to provide feedback of board's recommendations/discussions. Raising the board number to 4 each and have a retired fund member to represent retired members.
Knowledge of such a complex area is a problem, difficulties in dedicating time to doing the training, better sharing of good practice (how do we know if we are performing well)?

<p>Ideally the Board membership should be larger however until greater certainty exists concerning activities of the board and delineation of responsibilities is clarified this appears to be premature.</p> <p>The tenure of both employee members and employer members tend to be of short duration making assimilation of pension scheme rules and necessary training difficult.</p> <p>The Board has little effective power and consideration should be given to the establishment of combined boards.</p>
<p>1 - Continuity - member representatives have changed due to local elections. Cannot be helped but caused some disruption.</p> <p>2 - Ability to keep up to date with Tax changes and impact on pensions</p> <p>3 - Collaboration with other pension Boards - Regionally / Nationally</p>
<p>1. Could gain more experience of Pension Administration for all schemes, however the schemes are very complicated.</p>
<p>Should have a risk register</p>
<p>Add value, Communicate out more</p>
<p>Need for workplan, Link up with Scheme Manager, Policy for reporting breaches of law</p>
<p>1. Expansion of membership to include technical member 2. Better, more timely communications 3. More CPD accredited training.</p>
<p>Expansion of membership to include technical membership, Better, more timely communications, More CPD accredited training</p>
<p>We recognised the need to set a direction for the development of the board and have established an effective training programme, including further LGA training</p>
<p>Greater knowledge of schemes, Greater rigor in pension risks, Comms</p>
<p>1. Closer engagement with other FRA's to share knowledge and experience. 2. Create more opportunity to engage with Rep Bodies and explain the pension issues of the moment 3. Enhance communication of pension matters within FRA</p>
<p>Extensive knowledge and background takes time to accrue. Improvement areas have formed part of the Training Programme</p>
<p>The Employer representatives both changed as a result of the May local elections.</p>
<p>The Chief Financial Officer who is also the Scheme Manager has changed and a permanent replacement is not yet in place. The relationship between the Local FPB and the Scheme Manager will be developed once the Chief Financial Officer is in post.</p>
<p>more detailed work on Work Plan items e.g. Communication Policy development to include review of existing literature and input into development of authority-specific documents which can be accessed locally via intranet</p> <p>challenge more items on the ri</p>
<p>Membership of the board has not been as stable as it could have been, and we are currently considering making changes to the way in which board members are appointed in order to allow for longer tenure of board members.</p>

## Annex E: Q37. Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.

We have recently appointed a Lead Member from the Scheme Manager (FRA) - the Authority's Vice-Chair - to attend future Local Pension Board meetings. He won't be a full Member of the LPB but he will be allowed to contribute to the discussions.
Can't think of any areas requiring improvement.
Whilst individual reports are taken for decision when appropriate, benefit could be gained by taking an Annual report to Fire Authority by Scheme Manager.
Better communication. Greater understanding of role of Board
Dedicated time allocated to undertake this function.
Production of a report
Further awareness and education of the Authority who are the formal Scheme Manager. Provision of a regular report to the Authority
Fire Authority as Scheme Manager should request a pension board member to attend Fire Authority meetings where a decision on Pensions is being undertaken for advice. Fire Authority to have a greater understanding of the role of pension boards.
The Chair of the Pension Board to present the minutes to the Standards and HR Committee offering opportunity for scrutiny and direction to FA members.
The Chair of the Pension Board is to present the minutes from Board meetings to the Fire Authority's Standards and HR Committee, so that there is increased awareness of Pensions issues and opportunity for the FRA (as the Scheme Manager) to direct its work.
I am happy with the relationship I have with the scheme manager, the manager is very approachable and helpful when I have questions
More timely involvement and view of the issues being reported by managers to the Fire Authority. Usually quite good but there are some lapses.
No improvements required at present.
Most areas which I think can be improved is over awareness of the schemes.
None at this stage.
With the Scheme Manager being the Strategy and Resources Committee this may lead to delays in decision making, however the transparency of decision making is improved with Member involvement.
More clarity about roles and responsibility from central government/SAB. Scheme manager to attend meetings
A review of scheme manager, and where the delegation of this position in best placed.

The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always looking to improve all functions within FRS and would welcome all support and suggestions as we develop.
The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always receptive to ideas and support in all areas and functions of FRS and would welcome any support as we develop the board.
A very positive working relationship exists with the ability to raise issues
More structured and transparent reporting between Board and scheme manager and the Fire Authority
A lack of pension expertise / communication / liaison meant that a new post of Employer Pension Manager was introduced from 01/02/2017. A year on and this post has made significant improvements to communication and liaison between FRA, LPB and Scheme Manager. We are always looking for ways to enhance the relationship further though.
Relationships working well
There have been some changes in the Scheme Manager personnel which need to be embedded so that the relationships with local FPB Chair and Board can be developed.
More regular communication on relevant topics to keep the important issues highlighted e.g. monthly email update from Scheme Manager with the opportunity for all to contribute. Could use as a route for ongoing discussion to hone activities and priorities to then capture at formal meetings. Examples of possible topics - TPR 21st Century Governance Programme, Dashboard, GDPR, Valuation outcomes, GMP reconciliation, urgent administration exercises where identified
More stable board membership (as mentioned in Q21)

## Annex F: Q38. Comment on any other aspect of the new governance arrangements that you consider to be relevant

We believe the links between the Scheme Manager, through the Lead Member, will strengthen the links. There is also a proposal for the LGA to deliver a training session for the FRA (as Scheme Manager) in 2018.
As the FF pension is an unfunded scheme and the LPB is a non-decision making body the challenges it faces are not as great in terms of ensuring all pension liabilities are being covered via investments of the pensions assets, and the management of risks and board member conflicts of interest. I would imagine a board member on a LGPS pension board requires more support and direction when managing a billion Â£ plus investment portfolio. The main objective appears to be around the correct administration of the FF pension and the fulfilment of all statutory and regulatory responsibilities.
Governance arrangements have been improved due to the new requirements and the pension scheme is now better managed. Guidance from the LGA and TPR provides a useful framework on which to base our governance arrangements.
Overly complicated in my opinion given that the scheme is unfunded and therefore does not have investments to manage unlike LGPS. Most pension decisions are based on regulations, grey book terms & conditions and outcomes of legal challenge. Therefore again, unlike LGPS, I think fire pension boards are confused about their role and elected members struggle with the lack of decision-making responsibility. The more formal governance arrangements are imposed the more I feel that the meetings tick a box rather than adding value.
As there are not investment decisions in the way there are for LGPS, the status of the Board within the County Council is much lower.
There is significant duplication across all FRSs in the UK and this could be more efficient if organised regionally rather than by each FRS/shared administrator. Another alternative would be to just utilise the national Scheme Advisory Board.
They are working well so far.
Regular reviews ensure focus on best practice.
Fell like the arrangements are starting to be embedded and the regular reviews being undertaken on the subject, such as this one, are helping to support driving best practice.
Knowledge of board members is a key issue that can only be overcome by exposure to the issues and training.
None
As the Firefighters' Pension Schemes are unfunded much of the requirement for pension boards are unnecessary as no monetary decisions are overseen or made by the Board.
N/A
Three years on and the value of local pension boards for a national funded scheme is still questionable

The initial legislation was "light touch" and the delay to the establishment of the SAB, impacted on the early days on the LPB. However, where new guidance and support has been made available the board has quickly adapted, e.g. Risk Register
Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this has been to redefine the boards TOR and restructure the board in relation to the change of accountability. Our risk register is in the process of being rewritten to reflect the potential risks of third party.
Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this, is a redefining of the TOR and a restructuring of the board to reflect the change in accountability of administration. Our risk register is in the process of being rewritten to take account of the potential risk of the third party.
The support of the SAB is much appreciated in driving improvements and providing suitable resources. The new SAB website is excellent and the ongoing LGA training, support and expertise continues to be of a very high quality and makes it far easier to understand the responsibilities and to access expert assistance from relevant agencies. Opportunities for networking and to ask about other board activities and approaches gives a real focus for assessing progress and identify whether priorities are appropriate. Malcolm Eastwood's enthusiasm acts as a genuine motivator to push to keep up the positive momentum.

## **RISK REGISTER**

**SEPTEMBER 2018**

<b>Identify the Risk</b>	<b>How To Respond? System in Place to Deal with the Consequence</b>	<b>Monitor Effective Measure</b>	<b>Assess the Likelihood</b>	<b>Risk Rating</b>
Computer system failure at payroll compliance date.	Pay the previous month Pension from the file id with adjustments for death or part period payments. If notification that system will not be available or when upgrade is going through at compliance date. Trial pay run can be used as actual if testing fails.	BACS transmission reports	Low	High
Failure to process BACS	Internal process for ensuring that BACS has been sent.	Payroll Practitioner operates process	Low	High
Payment made to ineligible pensioner.	Annual Certificate of identity process in place.	Payroll & Pensions Manager	Low	Low
Fraud in Payroll office.	Reconciliation with report from payroll system and Excel spreadsheet balance each month	Reconciliation completed by Senior Payroll Officer. Balances done monthly. Payroll processes i.e. starters and leavers double checked monthly payroll signed off each month by Senior Payroll officer.	Low	High
Insufficient resource to enable function to	Structure and staffing of function under ongoing review	Reports to Pension Board indicate effectiveness of function	Med	Low

meet requirements of Pension Regulator.				
Failure to produce Annual Benefit Statement	Report to TPR. Keep scheme members and pension board informed of issue.	Reports to Pension Board indicate effectiveness of function	Med	High
Successful legal challenge by FBU to Transitional Regulations	Pension and Payroll section will need to undertake work to amend pension contributions for members depending on final agreed resolution	Reports to Pension Board. Potential emergency Pension Board meeting to confirm action to be taken.	Low	High
Failure to complete reconciliation of GMP records to HMRC	Ensure appropriate level of resource deployed.	Monitor via Pension Board reports and normal management reporting	Med	Med

# WEST MIDLANDS FIRE AND RESCUE AUTHORITY

## Pension Board Activity Log 2016/18

Date	Activity	Undertaken by	Action Completed
<b>2016</b>			
August 2016	Breach of Pension Regulations	Paul Gwynn	Urgent Pension Board
September 2016	Regional Pension Board Training (H&W)	Kal Shoker Andy Dennis	
October 2016	Attendance at Annual Pension Conference, London	Paul Gwynn Kal Shoker	Report to Pension Board 6 Feb 2017
25 October 2016	Extraordinary Meeting of the Pension Board re failure to issue Annual Benefit Statement in time	Pension Board	See Minutes of Audit Committee 14/11/16
14 November 2016	Report to Audit Committee on Breach of Regulations	Pension Board	See Minutes of Audit Committee 14/11/16
December 2016	The Pension Regulator – Publishing Scheme Information	Pension Board February 2017	
21 December 2016	Firefighters (England) Scheme Advisory Board Chairs Update The Pension Regulator - Public Service Governance Survey 2016	Circulated to all Members Completed by Adviser	

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## 2017

6 February 2017	Pension Board Meeting	Pension Board	
9 May 2017	Pension Board Meeting Review of progress towards production of Annual Benefit Statement to meet the deadline	Pension Board	
20 July 2017	Pension Board Meeting	Pension Board	
July/August 2017	Receipt of FPS Bulletin 1	Pension Board	
September 2017	Completion of The Pension Regulator Public Service Governance Survey	Kal Shoker/Paul Gwynn	
September/ October 2017	Receipt of FPS Bulletin 2	Pension Board	
9 October 2017	Attendance at Pensions Conference	Paul Gwynn	
November/ December 2017	Receipt of FPS Bulletin 3	Pension Board	

## 2018

January	Receipt of FPS Bulletin 4	Pension Board	
8 January	Attendance at Pension Tax Awareness Training	Cllr T Singh	Cllr Singh attended
January	Skills Audit	Pension Board	Forms completed
February	Publication of Survey of FRA Local Pension Boards 2017		
February	Receipt of FPS Bulletin 5	Pension Board	
March	Receipt of FPS Bulletin 6		
March	FP half-day seminar Meeting GDPR and TPR		
April	Receipt of FPS Bulletin 7		





# WEST MIDLANDS FIRE AND RESCUE AUTHORITY

## Pension Board WORK PROGRAMME 2018/19

Date of Meeting	Item	Responsible Officer	Completed
	2018/19		
27 September 2019 – 1500	Minutes of the Pension Board held on 20 July 2017 Amended Terms of Reference as approved by the Audit Committee and Authority AGM 2018 Pension Section Supporting Information Scheme Advisory Board – Survey Results 2017 Bulletins 1 – 11 Public Service Governance and Administration Survey 2017 Annual Pensions Conference 2018 HM Treasury Announcement – FPS Valuation 2016 Risk Register Update Recruitment Process for New Members Employer Representative Request from the Appointment, Standards and Appeals Committee Update on Topical, Legal and Regulatory Issues Training Pensions Board Skills Audit Activity Log 2017/18 Pension Board Work Programme 2017/18	Democratic Officer Employer Rep. Pension Advisor Employer Rep Pension Board Employer Rep/ Pension Advisor Chair/Advisor Advisor Employer Rep. Chair/ Board Chair Pension Advisor  Employer Rep. Pension Board Pension Board Democratic Officer	

[IL0: UNCLASSIFIED]

12 November 2018 - 1030	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
12 November 2018	Deadline for receipt of Pensions Board Reports		
4 December 2018 - 1500 hours	Pensions Board Minutes of the Pension Board held on 27 September 2018 Standing Items		
14 January 2019 – 1230	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
11 February 2019	Deadline for receipt of Pensions Board Reports		
4 March 2019 – 1400	Pensions Board Minutes of the Pension Board held on 4 December 2018 Consideration of Annual Report of Pension Board Standing Items  Deadline for Audit and Risk Committee		
25 March 2019 – 1030	Audit and Risk Committee	Chair to Present Minutes of Pension Board	
14 May 2019	Deadline for Pensions Board Reports		
6 June 2019 - 1400	Pension Board Minutes of the Pension Board held on 4 March 2018 Pension Board Annual Report Standing Items		
1 July 2019	Deadline for Audit and Risk Committee		

22 July 2019	Audit and Risk Committee Presentation of Pension Board Annual Report	Chair to Present Minutes and Annual Report of Pension Board	
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Home Office

## **Firefighters' Pension Schemes**

Consultation on amendments to survivors' benefits in the 2006 Scheme and other minor amendments to the firefighters' pension schemes

Consultation response

# Contents

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Background to the consultation	3
Summary of proposals	4
<b>Summary of responses received</b>	<b>6</b>
<b>The responses in detail and the Government's response</b>	<b>6</b>

# The consultation

1.1 This paper sets out the Government's response to the consultation which ran from 16 April to 14 May 2018 dealing with amendments to the provisions for survivors' benefit in the Firefighters' Pension Scheme 2006, and with various unrelated amendments to that scheme and to the Firefighters' Pension Scheme 1992. It outlines the main representations made by respondents under each consultation question and attempts to capture the range of views expressed.

1.2 The related draft statutory instrument set out:

- amendments to the Firefighters' Pension Scheme 2006 ("the 2006 scheme"), which had included a compulsory prior nomination process in respect of survivor benefit to be paid to unmarried partners;
- various unrelated amendments to the Firefighters' Pension Scheme 1992 ("the 1992 scheme") and to the 2006 scheme and
- amendments to the Police Pension Scheme, both on the nomination process for survivor benefit and on other unrelated aspects of the scheme.

1.3 This paper deals only with matters related to the firefighters' pension scheme.

## Background to the consultation

1.4 On 8 February 2017, in the matter of an application by Denise Brewster for Judicial Review [2017] UKSC 8 in relation to the Local Government Pension Scheme (Northern Ireland), the Supreme Court held that the nomination process for a surviving adult partner to be nominated in order to be entitled to payment of survivor benefits, where they satisfied the other underlying scheme conditions, should be disapplied. The Supreme Court found that such requirements constituted unjustified discrimination against Ms Brewster and was therefore a breach of her rights under the European Convention on Human Rights. The other underlying conditions in the schemes will still have to be satisfied for a surviving partner to be entitled to receive payment of survivor benefits. The firefighters' pension scheme is one of a number of public service pension schemes being reformed in response to this judgment. However, of the three main firefighters' schemes, only the 2006 scheme needs to be amended, because that is the only one to include a nomination process for survivor benefit.

1.5 As part of its duty of care to the firefighters' pension scheme, the Home Office periodically makes amendments to ensure that the scheme is fully up to date. In addition to the above amendment on survivor benefit, the opportunity is being taken to make three other unrelated amendments.

## Summary of proposals

- 1.6 The consultation, published on 16 April 2018, sought responses on the proposals set out in a paper and in a draft statutory instrument.
- 1.7 The policy aim was that as many aspects as possible of the current provisions on survivor benefit should remain in place, whilst removing the necessity for a nomination process. The new term “cohabiting partner” (previously used only in the Firefighters’ Pension Scheme 2015) is being used to replace the term “nominated partner”.
- 1.8 If a member expressly wishes to make their intentions relating to survivor benefits known, the scheme manager can continue to accept a nomination form to enable them to do so, even though there will be no such express provision in the rules.
- 1.9 The other provisions are for the firefighters’ pension schemes to be amended as follows:
- (a) Members of the final-salary pension schemes are permitted to split their pension in the eventuality of a reduction in salary, so as to preserve the value of pension which has already been accrued. It is clear from our records and from conversations with administrators that it has always been the intention that the first part of a split pension in the 1992 and 2006 schemes should be subject to indexation. However, the rules concerned have not specifically provided for this. Equivalent amendments are therefore being made to rule B5A in the 1992 Order and Part 3 Rule 7 of the 2006 Order. The pensions concerned would be up-rated, as if subject to the Pension Increase Act 1971, from the time of the reduction in pay until retirement.
- (b) On divorce from a pension scheme member, under pension sharing provisions, spouses or civil partners of scheme members can be awarded part of their pension as a credit. It has been drawn to the Department’s attention that scheme rules have not taken account of changes to the related legislation on pension sharing. Amendments are therefore being made to both the 1992 and 2006 schemes, so as to ensure that pension credit members can continue to commute their benefit as permitted by the overarching legislation.
- (c) Since 2006, the 1992 scheme has been closed to new membership. For this reason, the Firefighters’ Pension Scheme (England) (Transitional and Consequential Provisions) Regulations 2015 made it clear, in amending Schedule 2 to the 2015 scheme, that club transfer payments from other public service final salary pension schemes should be paid into the 2006 scheme and not into the 1992 scheme. The Home Office accepts, however, that it would be inequitable if existing members of the 1992 firefighters’ schemes in Scotland, Wales and Northern Ireland were not to be permitted to join the English 1992 scheme on transferring to a fire and rescue authority in England. An amendment is therefore being made to permit such scheme transfers to take place.

1.10 The consultation sought respondents' views on the proposals and, where possible, whether the draft regulations reflected the policy set out. In particular, interested parties were asked to address the following questions:

**Question 1**

To what extent do you agree that the Department's draft regulations achieve the aim of removing the requirement for nomination forms whilst otherwise preserving the current principles relating to qualification for survivor benefit?

**Question 2**

Can you foresee any challenges to the administration of the pension schemes with regard to the proposed draft regulations?

**Question 3**

Are you aware of any equality issues not covered here?

## Summary of responses received

2.1 Nine responses to the consultation were received in total. A full list of respondents is reproduced below:

1	<b>Firefighters' Pensions Scheme Advisory Board</b>
2	<b>Fire Officers' Association</b>
3	<b>National Association of Retired Firefighters</b>
4	<b>West Midlands Fire Service</b>
5	<b>Capita</b>
6	<b>Eunice Heaney (Independent Consultant)</b>
7	<b>Fire Leaders' Association</b>
8	<b>Steven Moseley (on secondment to LGA)</b>
9	<b>Local Government Association</b>

## The responses in detail, including the Government's response

**Q1. To what extent do you agree that the Department's draft regulations achieve the aim of removing the requirement for nomination forms whilst otherwise preserving the current principles relating to qualification for survivor benefit?**

3.1 The Home Office received six responses to this question.

3.2 Four responses argued that the definition of "cohabiting partner" should be made more precise. The Home Office accepts this view and has added the requirement that the cohabiting partner has to be in a position whereby they could enter into a marriage or civil partnership with the scheme member.

3.3 The other two responses agreed that the draft regulations achieved their aim.

## **Q2. Can you foresee any challenges to the administration of the pension schemes with regard to the proposed draft regulations?**

3.4 Five responses were received.

3.5 Three responses dealt with the indexation of split pension, arguing that increase should be applied from the day after the member's last day of service at the higher rate of pay. One of these responses also said that the amendment should be specifically applied to cases of ill-health by referencing rule B5A(4B)(a). Both of these points are now reflected in the made instrument.

3.6 Two respondents argued that the amendments dealing with the commutation of small pension credits did not work as originally drafted. Following further legal considerations and discussions with the Local Government Association, the statutory references have been re-drafted.

## **Q3. Are you aware of any equality issues not covered here?**

3.7 There were four responses to this question, all of which said that they were not aware of any equality issues not covered in the consultation document. The Home Office is accordingly satisfied that it has discharged its equality responsibilities.

## **Other responses not covered by the consultation questions**

3.8 There were also some helpful comments made with regard to rule / paragraph numbering. These are reflected in the made instrument. However, other comments received did not relate to the core proposals and the Home Office is unable to consider taking them forward at this time.

3.9 It was made clear in the consultation document that the Home Office did not intend to legislate with regard to Voluntary Scheme Pays (VSP), as fire and rescue authorities already had the discretion to exercise VSP on behalf of scheme members. The Scheme Advisory Board have confirmed that they accept this position and will issue guidance to fire authorities with regard to their expectations for VSP to be used in specific circumstances.

