

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

19 JUNE 2023

1. **PENSION BOARD UPDATE**

Report of the Clerk to the Authority

RECOMMENDED

- 1.1. THAT Members note the progress on key actions included within the Pension Board Action Plan (included in **Appendix A**), which includes the specific Actions agreed with The Pension Regulator for completion by June 2023.
- 1.2. THAT Members agree the proposed updates to the Pension Board Terms of Reference as outlined in **Appendix B**.
- 1.3. THAT Members note the Minutes of the last Pension Board included in **Appendix C**.

2. **PURPOSE OF REPORT**

- 2.1. To provide information on the work of the Pension Board to the Audit and Risk Committee in its capacity as the Scheme Manager for the West Midlands Firefighters' Pension Scheme.
- 2.2. To gain Audit and Risk Committee approval for changes to the Pension Board Terms of Reference.

3. **BACKGROUND**

Pension Board Action Plan

- 3.1. The latest version of the Pension Board Action Plan can be found in **Appendix A**. Progress has been made in a number of areas, although some matters have been deferred from March 2023 to

the next meeting of the Pension Board in July, or to later in the summer.

- 3.2. Officers and members will be meeting with the Pension Regulator in late June to deliver a final progress report on the actions relating to their 2020/21 report.

Pension Board Terms of Reference

- 3.3. Following the decision of the Scheme Manager to remove the role of Independent Chair, the Pension Board have reviewed their Terms of Reference and updated to reflect these changes and other minor amends. This is submitted for Scheme Manager approval.
- 3.4. Scheme Member Representatives to the Pension Board wish to raise their concerns about the removal of the Independent Chair role, which they believe is important for the effective delivery of the work of the Pension Board.

Risk Register

- 3.5. The latest version of the Pension Board Risk Register (last reported to the Audit and Risk Committee in March 2023) will be reviewed and agreed at the July 2023 Pension Board meeting and subsequently reported to the Scheme Manager.

4. EQUALITY IMPACT ASSESSMENT

- 4.1. As this is an update report, no initial Equality Impact Assessment has been undertaken.

5. LEGAL IMPLICATIONS

- 5.1. The Pension Regulator has various enforcement powers under pensions legislation which they may utilise if a scheme breaches its legal duties or ensure compliance with its recommendations which are designed to ensure appropriate administration and governance of schemes.

6. **FINANCIAL IMPLICATIONS**

6.1. There are no financial implications associated with this update report.

7. **ENVIRONMENTAL IMPLICATIONS**

7.1. There are no environmental implications associated with this update report.

8. **BACKGROUND PAPERS**

- [The Pension Regulator – About](#)

The contact for this report is Tom Embury, Deputy Clerk to the Authority.

Karen Gowreesunker
CLERK TO THE AUTHORITY

Appendix A – Pension Board Action Plan

WMFPS Pension Board – Action Plan

Completed	Recently Updated	Missed completion date
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Ref	Date	Subject	Action	Responsible	Completion date / Suggested timeframe	Status [Ongoing / Completed]
Actions arising from The Pensions Regulator Supervisory Report 2020/21 on the West Midlands Firefighter Pension Scheme						
A1	11/11	Skills and Training	Pension Board (PB) and Scheme Manager (SM) to undertake Training Needs Analysis to set a baseline for development of future training plans. Previous templates exist that can be used.	Pension Board Chair and Scheme Manager	Undertaken by March 2023	TNAs completed as of May 2023
A2	11/11	Pension Board Training and skills	PB to formalise their training plan, to be reviewed at least yearly, which will cover emerging themes, such as cyber security. This will be published on a joint Pension Board filing system/Teams site (see Recommendation D1) to ensure all PB member can review as required and bring forward suggestions for training and development.	Pension Board Chair	Implemented by end March 2023 Implemented by July 2023	Training delivered to both PB and SM. Training Plan to be agreed at July Pension Board
B1	11/11	Pension Board Succession	Clerk and PSS to develop a succession plan for both Scheme Member and Employer representatives, including undertaking a revision of role descriptions. This will include a proposal for hand-over between departing representatives and their replacements.	Clerk and PSS supported by Pension Board	Implemented by March 2023	Ongoing
B2	11/11	Pension Board Succession	PB and SM to review Terms of Reference with regards to representative tenures to ensure these are staggered and	Pension Board Chair and Scheme Manager	Implemented by February 2023	Revised Terms of Reference drafted - to be agreed by

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			include a suitable handover period.		Implemented by July 2023	Scheme Manager at July meeting
C	11/11	Pension Board Composition	Review appointment/election communications for Pension Board representatives to ensure they encourage diversity amongst the Pension Board membership and encourage the widest possible number and range of candidates to apply. TPR Equality, Diversity and Inclusion guidance to be utilised.	PSS/Pension Board/Portfolio Team	Implemented by January 2023	Completed – Election communications sent
D1	11/11	Pension Board Information Sharing	Review communications to Pensions Board and Scheme manager and ensure updates are provided when required.	Portfolio and Pensions Administration Teams	Implemented by March 2023	Complete
D2	11/11	Pension Board Information Sharing	Pension Board members to review information sharing arrangements and PB representatives' views on information sharing, knowledge and skills, with input from Scheme Manager.	Pension Board and Scheme Manager		Completed
E1	11/11	Business Continuity Planning	Pensions Board to receive a report on current BCP arrangements and testing and review their effectiveness with a view to making recommendations to Scheme Manager on whether a bespoke BCP outside existing WMFS arrangements is necessary.	Pensions Board Chair and Pensions Manager	To be approved in July 2023 .	Ongoing –Draft Pension Board BCP developed. Will be approved in July 2023 after being deferred at March PB (see item 7 below)
E2	11/11	Business Continuity Planning	Pension Administration Team to develop and share with the Scheme Manager and Pension Board a set of procedural notes for key pensions administration tasks. Content may be impacted by implementation of remedy.	Pensions Administration Team	Update to March 2023 Audit and Risk Committee Meeting – subject to Remedy roll out.	Ongoing

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F	11/11	Information Sharing between SM, PB and Pension Administration Team	Written (rather than verbal) reports to be provided by the Pension Team on key issues to both the Pension Board and Scheme Manager as a standing item for all meetings.	Pensions Administration Team	To begin from March 2023 Audit and Risk Committee	Completed
G	11/11	Conflicts of Interest	Conflict of Interest Register, based on the TPR template, to be created and stored on system where all PB members have access. Will be a standing item for all PB meetings. This document to be shared with The Pension Regulator.	Portfolio Team and Pensions Board	To begin from implementation of new system as of February 2023	Completed
H1	11/11	Risk Management	<p>PB Risk Register Sub Group to consider TPR recommended changes or improvement in formatting of the Risk Register:</p> <ul style="list-style-type: none"> • utilising a cover sheet to provide a snapshot of the current risks, helping to clearly identify the current major risk(s) to the Scheme. The Scheme may wish to identify emerging risks in this location as well. • ensuring all risks have mitigating actions and owners • documenting closed risks <p>Incorporate relevant WMFS Corporate Risks within the PB Risk Register, to include Cyber Security (CR 7.3).</p>	Pensions Board RR sub group	Completed by January 2023	Complete – PB agreed to maintain current RR approach.
H2	11/11	Risk Management	PB Risk Register to be incorporated into Audit and Risk Committee risk updates.	Scheme Manager	To begin from March 2023 A&R Meeting	Completed
I	11/11	Digitisation of records	All records to be digitised and accessible to support data collection.	Pensions Manager supported by Data and Governance Team	Completed	Completed

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J	11/11	Data Improvement policy	Pensions Team to work with Data and Governance team on ensuring a Data Improvement Policy is in place for Pensions Data, either drawing on existing policy or developing a new policy if required. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team & Data and Governance Team	Completed following implementation of new Altair system March 2023	Ongoing
K	11/11	Data Improvement Plan	Pensions Team, drawing on the Annual Data Review (Action L) to develop a Data Improvement Plan for any areas where data scores are not complete. This to be reported to both Scheme Manager and Pension Board, and shared with TPR. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team	Following completion of Annual Data Review	Ongoing
L	11/11	Annual data review	Pensions Team to undertake a pension data review, to assess the accuracy and completeness of member data, to be reported to the Pension Board and Scheme Manager.	Pensions Administration Team	Completed by June 2023	Ongoing – date reviewed
M	11/11	Recording data scores	Pensions administration team to record common and scheme specific data scores gathered as part of the Annual Data review (Action L) in Exchange as part of annual return to The Pension Regulator.	Pensions Administration Team	Completed by June 2023	Ongoing – date reviewed
N1	11/11	Review of KPIs	Scheme Manager to inform Pensions Board which KPIs it wishes to have developed and to receive regular updates on. PB to develop and agree with Pensions Team, and utilise a traffic light system (RAG).	Scheme Manager, Pensions Board Chair and Pensions Administration Team	Completed by March 2023	Completed

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N2	11/11	Supporting narrative to KPs	All Key Performance Indicators (provided with RAG rating) to be accompanied by appropriately detailed written narrative (which may be provided alongside a verbal update). This narrative to be provided to both the Scheme Manager and the Pension Board	Pensions Administration Team	Completed by June 2023	Ongoing – KPIs agreed by Scheme Manager – Pension Admin Team will now implement
O	11/11	Documentation of Data validation procedures	Implementation of ORACLE upgrade is intended to allow Scheme Members to update their own contact details. All members to be contacted by post to inform them of new system, with further investigation of failed deliveries. Update to be given on time frames for the new system / implementation to PB in December by Pension Team.	Pensions Administration Team	Update in December 2022, Trial of ORACLE started in February 2023	Delayed – Trial with initial group of pensioners failed - issue with ORACLE for resolution. Timescale for implementation not yet clear.
P	11/11	Pension Process Automation	Pensions Team to provide a report to the Scheme Manager on automation and systems improvements achieved by implementation of ALTAIR and ORACLE systems system once in place.	Pensions administration team	Completed by June 2023	Report to Scheme Manager in July 2023
Q1	11/11	Administrative Task Timescales	Pensions Team to provide a report to the Scheme Manager setting out the expected task timescales (e.g., responses to queries), which will also be shared with Pension Board.	Pensions administration team	Completed by March 2023	Ongoing
Q2	11/11	Firefighter Pensions SAB Pensions Administration Strategy	Pensions Board to utilise FPS Administration, Management, and Governance Strategy template to create single documentation of roles and services standards. Document to be agreed by Scheme Manager and published on the WMFRA CMIS site.	Scheme Manager, Pension Board, Pension Team, Portfolio Team	Completed by March 2023 Completed by July 2023	Ongoing – second draft shared with PB for comment, to be agreed at July 2023

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Actions arising from previous Pension Board meetings						
1	08/12	Altair timescales	Update to be given on time frames for the Altair new system / implementation and elements around data once available.	Pensions Manager	Completed by March 2023	Update to July PB expected
2	08/12	Members opt-out	A report is to be submitted to Audit and Risk Committee that included information circulated to employees to encourage them to remain in the scheme and what actions could be taken to keep them well informed before they decided to opt-out of their pension scheme.	Deputy Clerk / Pensions Manager	Completed by March 2023	Ongoing
3	08/12	Business Cont. Plan	A separate plan on Pension board be drafted.	Deputy Clerk/ Pensions Manager	Completed by July 2023	Deferred at March 2023 Meeting
4	08/12	Actively updating data records	Pensions Manager to go back to all relevant individuals to ask them to update their records, with assistance from Julie Felton, to actively promote them to update their records.	Pensions Manager/ Admin Manager	Completed by March 2023	Ongoing
5	08/12	External communications strategy	Develop external communications with the Communications Manager and circulate to the Board.	Deputy Clerk/ Senior Communications Manager	Completed by February 2023	Completed – reported to PB in March 2023
6	08/12	Regulators Code of Practice	Board to familiarise themselves with the revised Regulators Code of Practice.	Pension Board	Completed by March 2023 Board Meeting	Completed – link to code of practice shared.
7	08/12	Training analysis	PSS/Deputy Clerk to develop the training analysis for Board Members.	Deputy Clerk/PSS	Completed by March 2023	Completed
8	29/03	Oracle ownership	Pensions Manager and PSS to speak with the relevant officer responsible for the ownership of the Oracle system.	Pensions Manager/PSS	Completed by July 2023	Ongoing - PB updated via email.

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9	29/03	Risk Register – Removal of Risk	Remove risk 1 – Operational disaster	Admin Manager	Completed by July 2023	Ongoing – to be updated for the next PB in July 2023.
10	29/03	Risk Register	Admin Manager to circulate the Risk Register for Pension Board feedback.	Admin Manager	Completed by April 2023	Circulated and feedback from only two members received
11	29/03	External Communications	Senior Communications Manager to provide potential time scales for a dedicated Pensions section on wmfs site, including the development of relevant FAQ's, with the assistance of the Pension Board. To be added to the next Pension Board agenda.	Senior Communications Manager/ Deputy Clerk	Complete by July 2023	Draft content for page agreed – awaiting changes to P&P email/phone system to implement
12	29/03	Business Continuity Plan	Deferred to the next Pension Board for approval/discussion.	Democratic Services Officer	Complete by July 2023	Ongoing – to be added to the next PB agenda in July 2023.
13	29/03	Chair of the Pension Board	That the Employee representatives' views on the removal of the Independent Chair be included in the Pension Board update to A&R Committee. 6 monthly rotations between the Employee/Employer representatives to Chair the Board, with Alan Tranter to remain as Chair for the next 6 months.	Deputy Clerk	Completed by June 2023	Ongoing – to be reported to A&R in June 2023
14	29/03	PB Terms of Reference	PB Terms of Reference to be circulated to PB for comments with the following amendments: <ul style="list-style-type: none"> - 6 monthly rotations for Chairing the Board - Wording amended on the membership (retired/active Members) 	Deputy Clerk	Completed by June 2023	Draft circulated and now ready to go to SM for approval in June 2023.
15	29/03	Outstanding items	Democratic Services Officer to circulate all information on the following, for Boards feedback/decision: <ul style="list-style-type: none"> - Home Office Consultation – Pension Scheme Regulations - Fire and Police Pension Data Conference - Date of the next meeting 	Democratic Services Officer	Completed by April 2023	Completed.

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Appendix B – Revised Terms of Reference

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

Terms of Reference and Delegated Authorities

Introduction

This document outlines the terms of reference for the ~~Local~~ Pension Board ~~for~~ the West Midlands Fire ~~fighter Pension Scheme~~ & ~~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 seek to 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 Members of the Pension Board

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

The Fire ~~and Rescue Service Authority~~ 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 ~~six~~⁷ members and be constituted as follows:-

- i. ~~Three~~³ employer representatives, which ~~have~~^{will} been identified ~~by the Service~~, and appointed
 - ii. ~~Three~~³ scheme member representatives, which have been identified, and elected ~~by Scheme members or appointed by the Scheme Manager. and of which one should be a retired member~~ At least one scheme member representative must be an active pension scheme member, and at least one must be a retired scheme member.
- ~~1 independent chair selected.~~

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

The Chair of the Pension Board will be ~~drawn from within the membership of the Board. 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 ~~six months, on an alternating basis between the Scheme Member representatives and Employer representatives. 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~~ ^{re}-election.

Each Board Member should endeavour to attend all Board meetings during the year and is required to attend at least ~~two~~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.~~

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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 from amongst those representatives present. ~~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 Board will utilise the existing Authority policy for identifying conflicts of interest ~~is set out in a separate policy document.~~ Any conflicts of interest that would prevent a representative from carrying out the role effectively will need to be highlighted to the ~~Service~~ Scheme Manager.

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.
- A representative of 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~~ will be supported 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 a minimum of four Pension Board meetings scheduled per a year to be held quarterly. The minutes of the Pension Board will be approved by the Scheme Manager and shared with pension scheme members on the Authority website.—

~~Remit of the Board~~

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~~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.~~

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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 as~~ embodied in the Authority 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~~The Pension ~~R~~egulator 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 Ithe 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" means the local Pension Board for the Fire Authority "Board" 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, or whoever they have delegated this responsibility to.
- "Chair" Reference to duties to be performed, or authorise exercised, by the Chair.
- "Scheme" Means the Firefighters' Pension Schemes.
- ~~"West Midlands Fire & Rescue Authority Means the West Midlands Fire & Rescue Authority"~~

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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.