

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

24 November 2014

1. **FIREFIGHTERS' PENSION SCHEMES**

Report of the Chief Fire Officer.

Recommended

THAT the Authority note the response to the consultation document from the Department for Communities and Local Government (DCLG) 'Firefighters' Pension Scheme 2015: Proposals for new governance arrangements'.

2. **PURPOSE OF REPORT**

This report is submitted to the Authority to note the consultation response, to the DCLG 'Firefighters' Pension Scheme 2015: Proposals for new governance arrangements'.

3. **BACKGROUND**

- 3.1 Following Lord Hutton's review of public sector pensions all public sector pensions schemes in England will comply with the Public Sector Pensions Act 2013.
- 3.2 This requires new arrangements for governance, including a mechanism to control future costs of the scheme and for schemes to be more accountable to its members and taxpayers.
- 3.3 To deliver this objective two new bodies will be set up by 1st April 2015 consisting of employer and scheme member representatives. The first board is the national Scheme Advisory Board whose primary role is to provide the Secretary of State and DCLG with advice on desirable changes to Scheme regulations.
- 3.4 The Public Sector Pensions Act 2013 requires a second local pension board to be formed by each Fire and Rescue Authority. These boards may be advised by the national Scheme Advisory Board and are set up to assist the Scheme Manager in the efficient and effective administration of the pension scheme.

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- 3.5 Additionally, the Scheme is also required to publish an employer cost cap and ensure that the Scheme design is changed if a cost cap of 2 percentage points higher or lower is not achieved.
- 3.6 Following consultation the Government will publish a response and its final position will be implemented by an amendment to the scheme rules.
- 3.7 Prior to the publication of this consultation the Department has engaged with key stakeholders on the draft regulations. These regulations apply to England only.
- 3.8 Further information on the consultation is available https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/362701/Firefighters_Governance_Consultation.pdf
- 3.9 The consultation questions and recommended responses are identified at below:

Question 1:

Do the draft regulations deliver the policy objective on the introduction of the local pension boards and a Scheme Advisory Board as set out in this consultation document?

West Midlands Fire and Rescue Authority (WMFRA) Response Q1:

The draft consultation regulations do deliver the policy objective on the introduction of the local pension boards and a Scheme Advisory Board.

Question 2:

Do you have any comments on the terms of the local pensions boards or Scheme Advisory Boards as set out in the regulations?

WMFRA Response Q2:

The regulations should give the opportunity to Scheme Mangers to consider the setting up of pension boards that are wider than local boards. The Pension boards could be regional boards set up in collaboration across fire and rescue authorities. This would provide a higher degree of scrutiny and better value for money for the tax payer through sharing resources and expertise.

This would also support the ongoing collaborative working across Fire and Rescue Authorities and aid in streamlining approaches, reduce cost, enable sharing of best practise, and improve administration. This in turn would support the delivery of a national approach to the delivery and administration of the scheme.

Question 3:

Are there other powers of requirements that should be put in place for local pension boards or Scheme Advisory Boards?

WMFRA Response Q3:

Consideration should be given for an appropriate feedback loop from each local Pension Board to the Scheme Advisory Board to enable activities and effectiveness of the Boards to be monitored. This would encourage the development of a process of self regulation.

Question 4:

Should the regulations be more, or less prescriptive about potential members of the local pension boards or the Scheme Advisory Board?

WMFRA Response Q4:

The regulations should be less prescriptive around the number of members on pension boards and this should be determined locally.

Question 5:

Is there an alternative funding mechanism for the Scheme Advisory Board which could be put in place rather than raising funds from scheme managers with the Secretary of State ensuring that the Board is delivering value for money?

WMFRA Response Q5

WMFRA believe that the Scheme Advisory Board should be funded centrally.

Question 6:

Do you consider that any groups with protected characteristics under equalities legislation are being disproportionately affected? If so, what do you consider to be the nature and scale of that disproportionate effect?

WMFRA Response Q6

The proposals do not directly negatively impact on people with protected characteristics. However, due to the make up of our scheme members the likelihood is that there will be a less proportionate representative of people with protected characteristics on the board. We do believe that this is something that needs to be considered by the Scheme Manager and Pension Board.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment has not been undertaken. However equality issues have been considered within the response to consultation. The Department for Communities and Local Government has confirmed that it will use the evidence and views provided by the consultation to fully inform all Impact Assessments.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues of a legal nature which should be drawn to the attention of the Authority's Monitoring Officer as the responses form part of a consultation process. The outcome of the consultation may have legal implications.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial costs for the Authority related to this consultation process – however the implementation of the Boards will have a financial cost for the Service and Authority, unless the requirement is funded centrally.

BACKGROUND PAPERS

Communities and Local Government – Firefighters’ Pension Scheme (1992) and the New Firefighters’ Pension Scheme (2006): Proposed increased to employee contribution rates, effective from 1 April 2012 – consultation document published September 2011

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