

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

26 SEPTEMBER 2022

1. **PENSIONS BOARD – APPOINTMENT OF INDEPENDENT CHAIR**

Joint report of the Chief Fire Officer and Monitoring Officer.

RECOMMENDED

- 1.1 THAT the Committee approve the proposed process for advertising, sourcing and appointing a new Independent Chair to the Pension Board.

2. **PURPOSE OF REPORT**

- 2.1 This report is submitted to Members to seek approval of the proposed process of appointment for an Independent Chair of the Pensions Board.

3. **BACKGROUND**

- 3.1 The Pension Board of West Midlands Fire and Rescue Authority exists to assist the Scheme Manager (the Fire Authority, delegated to the Audit and Risk Committee) to:
- a) secure compliance with—
 - i. the Firefighters' Pension Scheme Regulations,
 - ii. any other legislation relating to the governance and administration of the scheme and any connected scheme, and
 - iii. any requirements imposed by the Pensions Regulator in relation to the scheme and any connected scheme; and
 - b) to ensure the effective and efficient governance and administration of the scheme and any connected scheme

- 3.2 Currently, the Board operates with a non-voting Independent Chair, appointed by the Audit and Risk Committee. For the entire duration of the Pension Board's existence to this point, a reciprocal arrangement with West Midlands Police Service has seen their Chief Financial Officer serve as the Independent Chair with West Midlands Fire Service's (WMFS) and the Strategic Enabler for Finance and Resources undertaking the same role for the West Midlands Police Pension Board.
- 3.3 Following a range of recent issues with pension administration, scheme member representatives to the Pensions Board withdrew from the 10 June meeting of the Board, rendering it inquorate. They did so to "register their discord" with the way in which the pension administration issues were to be considered by the Board, which, in their view, was insufficient. The Independent Chair sought on multiple occasions to provide assurance that these issues would be discussed, and had asked the Strategic Enabler for Finance and Resources to attend to provide further information, but this was not possible due to the postponement of the meeting.
- 3.4 Following the postponement of the 10 June 2022 Pension Board, the outgoing Independent Chair, Neil Chamberlain, chose to resign with immediate effect and to recommend to the Chief Constable of West Midlands Police that they no longer provide this role to the Board going forward. Mr Chamberlain cited "the behaviour and lack of respect given to both the Board and myself personally as Chair over the last few days" as a reason for his resignation.
- 3.5 As a consequence of the above, an independent review of the Authority's pension governance has been proposed, to report to Audit and Risk Committee. This is covered in a separate paper to the Committee. Furthermore, the Audit and Risk Committee now need to begin a process to appoint a new Independent Chair to the Board.

4. **PROPOSED APPOINTMENT PROCESS**

- 4.1 The Firefighters' Pension Scheme Advisory Board has published non-statutory guidance relating to the creation and operation of Local Pension Boards¹.

¹ <https://www.fpsboard.org/images/LPB/Resources/FPS2015-gov-guidance.pdf>

It makes clear that there is no prescribed process for appointment of the chair of the Board, and it is for the Scheme Manager to determine the process.

- 4.2 It is therefore proposed that the process used to appoint Independent Members or Persons to the Fire Authority is utilised.
 - 4.2.1 The position will be advertised externally on the WMFS website and appropriate external websites for a period of four weeks by the WMFS People Support Services team, against a role descriptor to be agreed by the Audit and Risk Committee.
 - 4.2.2 Applications will then be short-listed by a sub-committee of the Audit and Risk Committee against the role descriptor. The number of members required for the interview process will be three members, including the Chair and/or the Vice-Chair, to align with the Quorum of the Audit and Risk Committee. If there are no candidates suitable for short-listing, the role will be re-advertised.
 - 4.2.3 Short-listed candidates will be interviewed by the said sub-committee with a view to recommending a preferred candidate for appointment.
 - 4.2.4 Finally, the full Audit and Risk Committee shall vote at its next full meeting on the appointment of the preferred candidate. If successful, the Independent Chair shall be appointed. If not, the sub-committee will reappraise the interviewed candidates and either propose another preferred candidate or reopen the recruitment process.
- 4.3 The role of Independent Chair will be subject to periodic reappointment on a three yearly basis by the Audit and Risk Committee.
- 4.4 A draft role description and expectations for the position of Independent Chair is included in Appendix A.

5. **EQUALITY IMPACT ASSESSMENT**

- 5.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

6. **LEGAL IMPLICATIONS**

- 6.1 West Midlands Fire and Rescue Authority is required by section 5(1) and (2) of the Public Service Pensions Act 2013 and The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 to put in place a Local Pensions Board, and to publish information regarding the membership of the board.
- 6.2 The published terms of reference for the Pensions Board as currently written require the appointment of an independent chair by the Scheme Manager, although non-statutory Pension Regulator guidance states that an independent chair is not a requirement, and other models, such as a rotating chair amongst Pension Board members, can be utilised.

7. **FINANCIAL IMPLICATIONS**

- 7.1 There may be some costs associated with the publication and promotion of the advertisement for expressions of interest for the position of Independent Chair but these are not expected to be significant.

BACKGROUND PAPERS

Firefighters' Pension Scheme Guidance on the creation and operation of Local Pension Boards in England

WMFRA Pension Board Terms of Reference

The contact officer for this report is Clerk to the Authority Karen Gowreesunker.

PHIL LOACH
CHIEF FIRE OFFICER

SATINDER SAHOTA
MONITORING OFFICER

APPENDIX A**West Midlands Fire and Rescue Authority****Role and Expectations for:****Independent Pension Board Chair****Role of the Independent Chair**

The Independent Chair will be responsible for chairing each meeting of the Pensions Board and ensuring they are properly conducted in line with the terms of reference. This will include agreeing the agenda for each meeting of the board, including ensuring sufficient time is allocated to each item and that Board Members have the opportunity to suggest or raise items for discussion.

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 role of Independent Chair does not have voting rights.

The Independent Chair will be expected to monitor all Board members' behaviour, attendance, knowledge and understanding, and take steps (supported by professional advisors) to remedy any issues identified informally in the first instance, or to make recommendations to the Scheme Manager where issues are more significant.

The Independent Chair will be expected to report on a quarterly basis to the Authority's Audit and Risk Committee, which acts as the Scheme Manager on behalf of the Authority.

As an Independent Chair, applicants cannot be a member of or be closely related to anyone who is a member of the Firefighters' Pension Scheme. They cannot be an employee of or be closely related to anyone who is an employee of West Midlands Fire and Rescue Authority or be an elected member of or closely related to someone who is an elected member of the Authority.

For more information, please see the [Pension Board Terms of Reference](#).

Term of Office

The Independent Chair shall be appointed for a period of three years by the Scheme Manager. Extension beyond three years will be subject to reappointment by the Scheme Manager.

The Scheme Manager retains the right to review the appointment of the Independent Chair periodically, or to terminate the appointment in the interests of ensuring the ongoing effectiveness of the Pension Board.

Independent Chair Knowledge and Skills

Knowledge and Experience	
<i>Essential</i>	<i>Desirable</i>
<ul style="list-style-type: none"> - Knowledge and experience of public sector pension scheme management and administration. - Good understanding of the law relating to pensions - Good understanding of confidentiality and conflicts of interest in a local government context - Good understanding of Nolan Principles 	<ul style="list-style-type: none"> - Knowledge and experience of working with Firefighters' Pension Scheme 2015 - Experience of acting as an appointed chair to a committee or body
Skills	
<ul style="list-style-type: none"> - Excellent communication skills - Excellent interpersonal skills and a consultative and collaborative approach - Excellent attention to detail 	<ul style="list-style-type: none"> - Use of Microsoft Teams (via which meetings are conducted)

Role and Expectations on the WMFRA Pension Board

The role of the WMFRA Pension Board is to assist the Scheme Manager in:-

- securing compliance with Regulations relating to Governance and Administration;
- other requirements detailed by the Pension Regulator;
- other matters as detailed by the Regulations.

To ensure trust and transparency it is essential that Board members do not have a conflict of interest. This is defined in the Public Service Pension's Act 2013 as "financial or other interest which is likely to prejudice the person's exercise of functions as a member of the Board".

The individuals on the Board must be conversant with the rules of the Scheme and any document recording policy about the administration of the Scheme and they must have knowledge and understanding of the law relating to pensions and such other matter as may be prescribed.

The role of the Board is one of oversight not decision making and it does not replace existing committees.

The Board will meet at least four times a year and Board members are required to attend a minimum of two meetings per year. Meetings will be held virtually.

At the conclusion of the term of office any information and documentation relating to the work of the Pension Board that is not in the public domain should be returned to the representative of the Clerk to the Authority.

Training Provision

The Service will provide funding for training agreed by the Scheme Manager and the representatives are expected to attend appropriate training to ensure compliance with the regulations. However, timing around these training events will be agreed as far as possible with the representative in advance.

Expenses

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

The Service's expenses policy will be used as the basis for travel and subsistence for pension board members.

Arrangements for training and meetings will be made through the Service's administration/procurement team. The representative of the Clerk can advise and support this process.