

**LANCASHIRE COMBINED FIRE AUTHORITY
RESOURCES COMMITTEE**

Meeting to be held on 27 March 2019

PENSION BOARD – FIREFIGHTER PENSION SCHEME UPDATE

Contact for further information:

Bob Warren, Director of People & Development – 01772 866804

Executive Summary

This report outlines to Members the scope of activities of the Local firefighter Pension Board up to 27 March 2019 and gives Members the opportunity to raise any issues in respect of the effectiveness of the local management of the pension schemes.

Recommendation

The Resources Committee is requested to consider, note and endorse the contents of this report.

Information

- 1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The Act included the requirement for a Local Pension Board to be established by each responsible Authority.
- 2 In February 2015 this Fire Authority approved the creation of a Local Pension Board in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013 (the Act). This Board is known as the Local Firefighter Pension Board and has been operating ever since.
- 3 The purpose of the Local Firefighter Pension Board is to assist the Fire Authority in its role as the Scheme Manager of the Fire Fighters Pension Schemes: 1992, 2006, 2015 and Retained Modified. Such assistance is to:
 - Secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
 - Ensure the effective and efficient governance and administration of the Scheme.
- 4 Membership of the Local Firefighter Pension Board consists of The Deputy Chief Fire Officer and the Assistant Chief Fire Officer and the FBU Brigade Secretary and an FBU Officer Branch Official.

- 5 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Act. The day to day responsibilities of the Scheme Manager are delegated to the Director of People & Development and this report therefore serves to communicate to the Fire Authority the current position in respect of the Lancashire element of the Firefighter Pension Schemes.

CONSTITUTION

- 6 The establishment of the Local Firefighter Pension Board was approved by the Combined Fire Authority on 16 February 2015. The position has been subsequently reviewed by the Resources Committee on 29 March 2017 and again on 21 March 2018 where it was agreed that the current arrangements would continue until a case for change was made or the workload required augmentation of the Board or the need was clearly defined necessitating a different structure.

FORMAT OF MEETINGS

- 7 Currently two meetings are held per year with the minutes being published on the Authority's website and circulated internally via the routine bulletin.
- 8 Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Firefighter Pension Board's Conflicts of Interest Policy.
- 9 During each meeting there is usually a training input for Board members on an aspect of pensions.
- 10 Minutes are taken at all meetings.

BOARD MEMBERSHIP

- 11 As set out in the constitution, there are an equal number of employer and employee representatives on the Board.
- 12 The Chair of the Local Firefighter Pension Board is currently a representative from the employer side. Provision exists to rotate the appointment of Chair between employer and employee representatives.

TRAINING

- 13 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member.
- 14 There have been a number of training sessions delivered to the Board, including training provided by the LGA's Fire Pensions Adviser, who attended the last Pensions Board meeting. There is online training

available on the Pension Regulator website which members of the Board are encouraged to complete.

- 15 Additional briefing / training is provided by the Authority's designated Scheme Manager, focussing on key areas concerning pensions.
- 16 Each Board member has completed a training needs analysis and the Board has a Training Policy. A record of all training is maintained by the Scheme Manager.

BOARD ACTIVITY

- 17 Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.
- 18 Regular agenda items to the Board have been developed and these are:
 - National Developments which provides the Board with the latest information on areas of significant pension work, and includes both local and national issues. As well as enhancing the knowledge and understanding of Board members, this regular item serves to prompt discussion at the Board about the impact of issues on pension scheme members and about how workloads are being managed. This helps to achieve the Board's purpose of securing effective governance and administration.
 - Recent items have included updates on: the FBU legal transitional protection challenge; work of the National Scheme Advisory Board; Valuation outcomes and ensuing consultation; reconciliation of contracting out payments; termination payments and abatement requirements.
 - Management of the scheme issues such as membership levels, completion of annual benefit statements and performance of our administrative body.
 - Update on any LFRS IDRP or Pension Ombudsman cases.
 - Communications issues.
 - Pension audit outcomes.
- 19 Other areas of governance which have been discussed at Board meetings include:
 - Employer discretions under the firefighter pension schemes. Discretions were presented to the Board for information, and the process by which Officers make decisions about discretions has been explained.

- The Board is kept informed of progress towards sending out of Annual Benefits Statements (ABS) to members of the scheme and other administrative matters.

20 The Local Firefighter Pension Board is now well established and has made good progress in improving the knowledge and understanding of the Board about pension issues, and ensuring that governance and administration of pensions is carried out effectively. Work has also been undertaken to communicate with pension scheme members about pension issues and to raise the profile of this important subject. The Board will continue to ensure that good practice is maintained and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pension Regulator.

Financial Implications

The firefighters' pension schemes are considered to be "gold plated" schemes and consequently are a significant element of the Fire Authority's budget requirement. Whilst included in the Service's financial documentation the Authority has little direct control over the costings.

Sustainability or Environmental Impact

Not applicable.

Equality and Diversity Implications

Not applicable.

Human Resource Implications

Pensions Issues informs both workforce planning and impacts staff morale. The firefighters pension schemes being a core element in the firefighter terms and conditions of employment. The designated Scheme Manager ensures these connections are not overlooked and the Pension Board has a role to play in both communications and reassurance that the administration is being appropriately handled.

Business Risk Implications

To maintain affordability the service needs to ensure effective management of the schemes and encourage membership.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact Bob Warren
Reason for inclusion in Part II, if appropriate:		