

Report of the Deputy Chief Fire Officer

11. Pensions Board - Firefighters' Pension Scheme 2015

Purpose of report

1. This report informs the Committee of the requirement to establish a Pensions Board for the Firefighter Pension Schemes (FPS) to assist the Scheme Manager in securing compliance with the Public Services Pensions Act 2013.

Recommendations

It is recommended that:

- (i) the establishment of a pensions board be approved with effect from 1 April 2015 in accordance with the Public Services Pensions Act 2013 and relevant DCLG guidance;*
- (ii) authority to implement the pensions board and make appointments to the board be delegated to the Head of Legal Services, in consultation with the Chairman of Policy and Resources Committee, having regard to the relevant regulations and any further best practice advice that may emerge.*

Introduction and Background

2. Following Lord Hutton's review of public sector pensions, the Public Sector Pensions Act 2013 imposes new obligations in respect of all public sector pension schemes in England. The Act 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. The governance arrangements have been consulted upon and we are waiting for the final regulations to be implemented.
3. The Act requires scheme regulations to provide for the establishment of a pension board from 1 April 2015 to assist the Scheme Manager in:
 - Securing compliance with the Scheme regulations and other legislation relating to the governance and administration of the Scheme
 - Securing compliance with any requirements imposed by the Pensions Regulator
 - Any other matters as detailed by the regulations.
4. The pensions board has to be implemented by end July 2015.

The Role of the Local Pension Board

5. The role of the board is to assist the Scheme Manager (Fire Authority) in the efficient and effective administration of the pensions scheme. This is, potentially, a wide ranging role and allows, for instance, the board to look at the systems underpinning the administration of the scheme or how decisions are taken. However, the local pension board is not a decision making body and it is unclear what role they will play in practice. The regulations give broad discretion to the Scheme Manager to determine the procedures applying to its board, including the voting rights and the establishment of sub-committees. Appendix 1 provides draft terms of reference detailing how the board will be constituted. The terms of reference will be reviewed and agreed by the pensions board at their first meeting.
6. The board must have an equal number of FPS members and employer representatives and must consist of at least four members. FPS members are appointed for the purpose of representing members of the FPS. These may be, but are not limited to, trade union representatives. However, the FPS member must be in scheme employment and therefore must be a firefighter who is currently employed by a fire and rescue authority. This means that former firefighters (which could include pensioner members if they are no longer employed as a firefighter) cannot be a FPS member representative. It is for the Authority to appoint the FPS member representatives.
7. Employer representatives are appointed for the purpose of representing employers. These may be, but are not limited to, councillors or officers of the authority. However, an officer or member of the authority which is responsible for making decisions on the pension scheme is not permitted to be a member of the board as the board may be scrutinising the decisions of that officer or member. The current advice is that this effectively precludes members of the Authority from acting as employer representatives but we still await the final regulations.
8. Employer and FPS members of the board must be conversant with the firefighters pensions schemes and have knowledge and understanding of pensions law. In addition employer and FPS members must have the capacity and understanding to represent either the employer or scheme members and have no conflict of interest, both before appointment and subsequently from time to time.
9. A one day training course will be delivered for employer and FPS members of the board in June 2015. It will be delivered by DCLG in the West Midlands region.

Conclusion/Summary

10. This paper provides information relating to the establishment of a Pensions Board for the Firefighter Pension Schemes (FPS) to assist the Scheme Manager in securing compliance with the Public Services Pensions Act 2013.

Corporate Considerations

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| Resource Implications (identify any financial, legal, property or human resources issues). | The requirement for local pension boards has been introduced as part of the Public Sector Pensions Act 2013 which is a new burden on Fire Authorities. |
| Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications). | None. |
| Risk Management/Health & Safety (identify any risks, the proposed control measures and risk evaluation scores). | None |
| Consultation (identify any public or other consultation that has been carried out on this matter). | DCLG Public consultation ran until 21 November 2014 and we are awaiting the outcome of the consultation and for the Regulations to be implemented |
| Equalities (has an Equalities Impact Assessment been completed? If not, why not?) | None – not applicable. |

Supporting Information

Appendix 1: Terms of Reference

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