



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Local Firefighter Pension Board

FIREFIGHTER'S PENSION BOARD ANNUAL REPORT

Report of the Scheme Manager

Agenda Item No: 8

Date: 13 March 2019

Purpose of Report:

To consider the draft Annual Report to be presented to Policy and Strategy Committee on 11May 2018.

Recommendations:

To approve the draft Pension Board Annual Report to be presented to Policy and Strategy Committee.

CONTACT OFFICER

Name : Becky Smeathers, Scheme Manager

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1. BACKGROUND

- 1.1 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Pension Act 2014. The day to day responsibilities of the Scheme Manager are delegated to the Head of Finance post. The purpose of the Annual Report is to ensure that Fire Authority are kept informed about the activities of the Local Firefighter Pension Board to date.

2. REPORT

- 2.1 The draft Pension Board Annual Report for the year ending 31 March 2019 is attached at Appendix 1. It provides updates on the main issues surrounding pensions and Board activity during the year.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report. Any financial implications for the Authority will be reported to the Finance and Resources Committee.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are human resources implications arising directly from this report, in that pension matters affect most employees. HR department staff are fully involved in pension issues to ensure that human resources implications are taken into account.

5. EQUALITY IMPACT ASSESSMENT

An equality impact assessment has not been carried out as this is not a new policy.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes. This report aims to fulfil the requirement for Pension Board members to assist the Scheme Manager in ensuring that effective administration arrangements are in place.

8. RISK MANAGEMENT IMPLICATIONS

The Annual Report forms part of the reporting process relating to risk management.

9. RECOMMENDATIONS

To approve the draft Pension Board Annual Report to be presented to Policy and Strategy Committee.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

BECKY SMEATHERS
SCHEME MANAGER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Policy and Strategy Committee

LOCAL FIREFIGHTER PENSION BOARD ANNUAL REPORT 2017/18

Report of the Chief Fire Officer

Date: 05 April 2019

Purpose of Report:

To report to Members on the activities of the Local Firefighter Pension Board up to 31 March 2019.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 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.
- 1.2 In April 2015, this Committee 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.
- 1.3 The purpose of the Local Firefighter Pension Board is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (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.
- 1.4 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 Head of Finance post and this report therefore serves to communicate to the Fire Authority about the activities of the Local Firefighter Pension Board to date.

2 REPORT

CONSTITUTION

- 2.1 A constitution for the Local Firefighter Pension Board was approved by the Policy and Strategy Committee at the time that the Board was created. Since then the Local Firefighter Pension Board has approved a number of changes to the Constitution which can be summarised as:
- 2.1.1 The addition of two substitute Board members, to help ensure that a quorum can be achieved at each meeting and also to support succession planning.

- 2.1.2 The opening of Board meetings to the public, and the separation of the agenda into part one for all non-confidential items, and part two for confidential items after the public have left the meeting. This is to promote transparency and assist with the communication of pension matters to scheme members.
- 2.1.3 Clarification of the relationship between the Board and the national Scheme Advisory Board and the need to keep the Fire Authority informed of any new requirements of it.
- 2.1.4 The increase of quorate membership from 2 members to 4 members, two scheme member representatives and two employer representatives, in order to comply with the Firefighters' Pension Scheme Regulations.

FORMAT OF MEETINGS

- 2.3 A minimum of three meetings are held per year. Meetings are publicly advertised on the Authority's website. There have been no members of the public attending meetings to date. The meeting agenda and papers, together with the minutes of the previous meeting, are published on the Authority's website one week prior to the meeting date.
- 2.4 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.
- 2.5 At the end of each meeting there is usually a training session for Board members on an aspect of pensions.
- 2.6 Minutes are taken at all meetings.

BOARD MEMBERSHIP

- 2.7 As set out in the constitution, there is an equal number of employer and employee representatives on the Board and there is now also one substitute member for each side. Substitute members are encouraged to attend meetings as observers, and they are able to act as Board members in the absence of one of the full members. Substitute members are also invited to attend training sessions and this helps to improve knowledge and understanding of pensions issues.
- 2.8 The Chair of the Local Firefighter Pension Board is currently a representative from the employer side. The requirement to rotate the appointment of Chair is set out in the constitution (Appendix A).
- 2.9 There are currently no vacancies on the Board following an appointment to the vacant post of the substitute employer representative.

TRAINING

- 2.10 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.
- 2.11 There have been a number of training sessions delivered to the Board, including: regional training presented by the LGA's fire pensions adviser; the opportunity to attend the annual LGA Fire Pensions Conference; Regional training; training presented by the Authority's pension administrator and training at each Board meeting. There is online training available on the Pension Regulator website which members of the Board are encouraged to complete.
- 2.12 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

- 2.13 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.
- 2.14 Some regular reports to the Board have been developed and these are:
- 2.14.1 A report entitled "Current Pensions Issues" 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 report 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;
- 2.14.2 A report on the pension fund financial position at the end of the year is presented to the next Board meeting following the financial year end, and this gives the Board the financial context for the pension schemes;
- 2.14.3 A report presented to each meeting on the Firefighters' Pension Risk Register. The risk register is reviewed regularly by the Scheme Manager and is presented to the Board at each meeting, with any amendments highlighted. This allows the Board to keep track of the key risks and the control measures designed to manage those risks.
- 2.14.4 From March 2019 a new report from the Pension Administration Team has been included as one of the regular reports. Its purpose is to provide details to the Board on regulation changes, system

updates, key performance information relating to the performance of the administration team and metric data relating to membership numbers of the firefighters' pension schemes.

- 2.15 From the outset it has been the aim to set up a joint Pension Board with Leicestershire and Derbyshire Fire Authorities. Fire Authority approval was initially gained for this to happen but it would have also required the approval of the Secretary of State, and this could not be gained within the required time scales. The existing interim Board was consequently set up. At its meeting on 15 December 2017, Fire Authority approved the creation of an East Midlands Joint Pension Board and a joint request has been submitted to the Secretary of State to gain approval for the creation of this Board.
- 2.16 Other areas of governance which have been discussed at Board meetings include:
- 2.16.1 Employer discretions under the firefighter pension schemes. Discretions are presented to the Board for information, and the process by which Officers make decisions about discretions has been explained. There were no Discretions during 2018/19.
- 2.16.3 In order to keep abreast of national pension issues, the Board has set up a register of Breaches of the Pension Act 2013. The register provides details of all breaches and also areas of concern that have been considered but not felt to breach the regulations. There have been no Breaches during 2018/19.
- 2.16.4 The Board is being kept up to date regarding the outcome of the Employment Appeal Tribunal relating to the Public Sector Age Discrimination Appeal which is ongoing. The Government have appealed to the Supreme Court and await to hear whether the appeal will be heard or not. If it is heard it is anticipated that it will take a considerable time before a judgement is made. If not heard then revised transitional arrangements will need to be put into place.
- 2.16.5 The Board continues to monitor the impact of the 2016 valuation of the firefighters' pension schemes. Revised employer superannuation rates were announced in March 2019 which were a significant increase on the rates previously in place, and have placed an increased financial burden on the Authority. The valuation also resulted in some proposed amendments to the employee benefits but their implementation has been suspended pending the outcome of the Government's appeal against the transitional arrangements to the 2015 scheme (see 2.17.4)
- 2.17 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 in 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.

3. FINANCIAL IMPLICATIONS

- 3.1 The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far. Where Board members are required to travel to attend training events this cost is contained within existing budgets.
- 3.2 The Authority continues to pay a levy to the Scheme Advisory Board and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting this levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2019/20 will be in the region of £5,100 and this has been provided for within the revenue budget.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report. The members of the Board are required to achieve and maintain knowledge and understanding of pensions and this requirement is being managed and monitored by the Scheme Manager.

5. EQUALITY IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Local Firefighter Pension Board was created to fulfil the requirements of the Public Service Pensions Act 2013.

8. RISK MANAGEMENT IMPLICATIONS

The risks associated with pension governance and administration are set out in the Board's risk register, which is actively managed by the Scheme Manager and monitored by the Board.

9. COLLABORATION IMPLICATIONS

- 9.1 Nottinghamshire, Leicestershire and Derbyshire Fire Authorities all share the same pension administrator and this has allowed for a number of collaborative activities associated with pensions. There have been several regional training events for Local Pension Boards and information events for firefighters. More are planned for the coming year. In addition, Officers from the Finance and Human Resources Departments attend quarterly regional pension administration meetings to keep up to date with pension issues and to share good practice.
- 9.2 Progress is being made on developing a Joint Board for the three authorities as detailed in the report.

10. RECOMMENDATIONS

It is recommended that Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

**LOCAL FIREFIGHTER PENSION BOARD OF NOTTINGHAMSHIRE AND CITY
OF
NOTTINGHAM FIRE AUTHORITY**

CONSTITUTION

1. Statement of Purpose

The purpose of the Board is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (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:

- a) 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.
- b) ensure the effective and efficient governance and administration of the Scheme.

2. Duties of the Board

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board Members:

- a) should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another.
- b) should be subject to and abide by Fire Authority's Codes of Conduct for Members and Employees.

3. Membership

The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.

4. Scheme Member Representatives

4.1. 2 Scheme Member representatives shall be appointed to the Board by the 2 largest trades unions recognised by the Fire Authority who represent Scheme Members (i.e. FBU and FOA) but in default of any such appointments being made the Fire Authority shall invite expressions of interest from Scheme Members and appoint such Scheme Member representatives who it regards as best suited to the role of Board Member.

4.2. Scheme Member representatives shall be current Scheme Members.

- 4.3. Scheme Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

5. Employer Representatives

- 5.1. 2 Employer representatives shall be appointed to the Board by the Fire Authority.
- 5.2. Employer representatives shall be 1 Fire Authority Member and 1 Principal Officer provided that neither Officer nor Members exercise delegated responsibility for discharging the Scheme Manager function of the Fire Authority.
- 5.3. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 5.4. Employer representatives shall be appointed by the Fire Authority in a manner which it considers best promotes the purpose of the Board.

6. Appointment of Chair

- 6.1. The Board shall appoint its own chair for a period of 12 months rotating the appointment between scheme member representatives and employer representatives.
- 6.2. The duties of the Chair should be in accordance with the duties of a committee chair under the Fire Authority's Constitution.

7. Substitute Board Members

- 7.1. The Board may appoint one substitute Scheme Member Representative and one substitute Employer Representative. Substitute representatives can take part in Board meetings only in the place of an appointed representative of the same group who cannot attend a meeting.
- 7.2. A substitute representative may attend, and participate in, any training events for Board members.
- 7.3. A substitute representative may attend a Board meeting as an observer, if all representatives of the same group are attending that meeting. In this situation, the substitute representative must not participate in the business of the meeting.

8. Notification of Appointments

On appointment to the Board the Fire Authority shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

9. Conflicts of Interest

- 9.1. All members of the Board must declare to the Chief Fire Officer on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
- 9.2. On appointment to the Board and following any subsequent declaration of potential conflict the Chief Fire Officer shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Fire Authority and the requirements of the Pensions Regulators codes of practice on conflict of interest for Board members.

10. Knowledge and understanding (including Training)

- 10.1. Knowledge and understanding must be considered in light of the role of the Board to assist the Fire Authority in line with the requirements outlined in paragraph 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board Members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
- 10.2. Board Members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
- 10.3. Board Members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

11. Term of Office

- 11.1. The term of office for Board Members shall be 2 Municipal Years and there shall be no restriction on reappointment at the expiry of a Board Member's term.
- 11.2. Board membership shall be terminated prior to the end of the term of office due to:
 - a) A Scheme Member representative ceases to be a Scheme Member.
 - b) An Employer representative ceases to be a Fire Authority Member.
- 11.3. Board membership may be terminated prior to the end of the term of office by a resolution of the Fire Authority where the Board Member is no longer able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

12. Meetings

- 12.1. The Board shall as a minimum meet 3 times per year.
- 12.2. The Chair, with the consent of the other Board Members, may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.
- 12.3. Meetings shall be open to the public and shall be conducted in accordance with the Fire Authority's constitution as regards to the attendance of the public at meetings. Meetings will be advertised on the Service website at least one week prior to the date of the meeting with a link to the agenda, papers and minutes of the previous meeting.
- 12.4. If there are any reports or papers containing confidential matters these will not be published. In this case the Board meeting will consist of part one for all non-confidential items, open to the public, and part two for all confidential items, closed to the public. Matters will be deemed confidential by reference to the personal data provisions of the Data Protection Act.

13. Quorum

A meeting is only quorate when 4 members are present, 2 scheme member representatives and 2 employer representatives.

14. Voting

- 14.1. The Board shall as far as possible make any decisions by consensus but where this proves not to be possible the Board may vote upon an issue.
- 14.2. Each Board Member shall have 1 vote and in the event of an equality of votes the Chair shall have a casting vote.

15. Support to the Board

- 15.1. The Chief Fire Officer shall provide such support to the Board as it requires to discharge its functions.
- 15.2. The Board may request information from the Chief Fire Officer with regard to any aspect of the Scheme Manager function. Any such a request should be reasonably complied with in both scope and timing.
- 15.3. The Board may make recommendations to the Chief Fire Officer which should be considered and a response made to the Board on the outcome within a reasonable period of time.

16. Relationship with Firefighters Pension Scheme Advisory Board

- 16.1. The national Scheme Advisory Board has been established in accordance with the Public Service Pensions Act 2013 and its objectives include the provision

of advice to Local Pension Boards in relation to the effective and efficient administration of the pension scheme. Communications from the Scheme Advisory Board are likely to be made via the Chair of the Local Pension Board who must ensure that the Fire Authority, as Scheme Manager, is kept informed of any new requirements.

Version 5
Updated May 2018