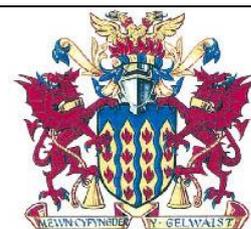


Report to	North Wales Fire and Rescue Authority
Date	17/06/2019
Lead Officer	Helen MacArthur, Assistant Chief Officer (Finance and Resources)
Contact Officer	Julie Brown (01745 535286)
Subject	Firefighters' Pension Schemes Local Pension Board – Annual Report 2018/19



PURPOSE OF REPORT

- 1 To present to Members the annual report of the Local Pension Board which details the work of the board during the last financial year. The annual report is attached at appendix 1.

EXECUTIVE SUMMARY

- 2 The annual report of the Local Pension Board (Appendix 1) details the work of the board during 2018/19.

RECOMMENDATION

- 3 That Members approve the Local Pension Board Annual Report 2018/19 for publication on the Authority's website.

OBSERVATIONS FROM THE LOCAL PENSION BOARD

- 4 This report was considered and approved by the Local Pension Board at its meeting on 2 May 2019.

INFORMATION

- 5 The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013. The Act provides for clearer governance arrangements with specific defined roles, the publication of more information on a consistent basis, and administration practices in line with those in the private sector.
- 6 The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pensions came into force on 1 April 2015. These regulations required the Fire and Rescue Authority (NWFRA) to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1 April 2015.

- 7 The role and remit of the Local Pension Board is to assist NWFRAs in its capacity as scheme manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. In order to improve transparency, NWFRAs are required to publish the annual report of its Local Pension Board.
- 8 As set out in the terms of reference for the Local Pension Board, the annual report should include:
- a summary of the work of the Local Pension Board and a work plan for the coming year;
 - details of areas of concern reported to or raised by the Board and recommendations made;
 - details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed;
 - any areas of risk or concern the Board wish to raise with the Scheme Manager;
 - details of training received and identified training needs; and
 - details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget	Cost of the Local Pension Board is funded from existing Members' Services budget
Legal	The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013.
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	It is not considered that there are any issues that need addressing as the recommendations apply equally to all Members regardless of protected characteristics under the Equality Act.
Risks	All FRAs need to comply with the guidance provided by the Pensions Regulator around the governance arrangements for Local Pension Boards.

**North Wales Fire and Rescue Service
Firefighters' Pension Scheme**

**Local Pension Board
Annual Report
2018-19**

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1.0 Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board (the Board). In the case of the Firefighters' Pensions Scheme, the role of the Board is to assist the Scheme Manager (North Wales Fire and Rescue Authority) to:

- secure compliance with the relevant regulations;
- secure compliance with any other legislation relating to the governance and administration of the Scheme;
- secure compliance with the requirements imposed by the Regulator in relation to the Scheme; and
- to ensure the effective and efficient governance and administration of the Scheme.

The Board is expected to complement and enhance the Authority's existing arrangements for managing the scheme. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Authority and its officers when they act in the capacity of scheme manager.

The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pension came into force on 1 April 2015. These regulations required the Authority to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1 April 2015. In this context, established means that the Authority, as Scheme Manager, had to approve the creation of the Board and agree its composition and terms of reference in accordance with its constitution. It did not mean that the Firefighters' Pension Scheme Board had to be fully operational by that date.

However, it was anticipated that all Boards should be operational within a reasonable period after 1 April 2015, and certainly by the end of July of that year. The North Wales Firefighters' Pension Scheme Board was established by the Authority on 20 April 2015 when it held its first meeting.

2.0 Role and Remit

The role and remit of the Board is to assist the Authority in its capacity as Scheme Manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that the Authority has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere. It is a slightly different role when compared to the (separate) Board charged with overseeing the Local Government Pension Scheme arrangements as the Firefighters' Pension Scheme is an unfunded scheme with no investment aspect.

3.0 Constitution and Membership

The Local Pension Board approves and reviews on an annual basis the terms of reference for the Firefighters' Pension Scheme; a copy of the document is available at the following link:

<https://www.nwales-fireservice.org.uk/media/338862/terms-of-reference-april-19-rev.pdf>

In order to ensure they are fully representative, all Boards must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting in April 2015, the Authority agreed to establish a Firefighters' Pension Scheme Board with equal employer scheme member representatives. The term of appointment for all members was originally three years or until qualification for membership ceases; the period was amended during the September 2018 Board meeting to fall in line with council elections.

Membership of the Board June 2017-2020

Employer:

- Three members of North Wales Fire and Rescue Authority:
Cllr Rodney Skelland,
Cllr John Brynmor Hughes
Cllr Bryan Apsley,
- The Clerk to the Authority (or nominated deputy)
- The Treasurer of the Authority.

Employees:

- Two representatives from each representative body officially associated with NWFRA:
 - Fire Brigades Union - Parry Davies and Blythe Roberts until October 2018; Blythe Roberts and Duncan Stewart-Ball from November 2018.
 - Fire Officers' Association - Geraint Hughes and Paul Scott until October 2018; Geraint Hughes and Jane Honey from November 2018.
 - Fire Leaders Association - Richard Fairhead and Ruth Simmons.

Chair of the Board

The position of Chair of the Board will be rotated every two years between a member representing employers and those representing scheme members.

Assistant Chief Fire Officer Richard Fairhead has been elected Chair for the two years, 2017-2019. The Chair is nominated to sit on the National Firefighters' Pension Advisory Board.

The Board has met three times during the period of this annual report.

4.0 Code of Conduct and Conflicts Policy

The Authority, as Scheme Manager, is required to prepare and approve a code of conduct for the Board to adopt. This code has to set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles). The elected and co-opted members of the Authority are governed by the code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors or co-opted members. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Board who are also councillors of a local authority. They do not apply to members of a Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board. At its meeting in November 2015, the Firefighters' Pension Scheme Board formally agreed to adopt the Authority's Code of Conduct for all members of the Board.

Aside from the provisions of the Authority's Code of Conduct, for the purposes of the members of the Board, a 'conflict of interest' is defined in section 5(5) of the Public Service Pensions Act 2013 as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a Board (although that does not include a financial or other interest arising by virtue of that person being a member of the Firefighters' Pension Scheme). The Pensions Regulator recommended that all administering authorities put in place a Conflict of Interest Policy for the operation of their new local pension boards. The Firefighters' Pension Scheme Board duly agreed a detail Conflicts Policy at their meeting in November 2015. A copy of the policy can be found here:

<http://www.nwales-fireservice.org.uk/media/337270/conflict-of-interest-policy-adopted-301115.pdf>

It is not anticipated that significant conflicts of interest will arise, particularly as the Firefighters' Pension Scheme has no investment aspect. However, officers will take steps to identify, monitor and manage conflicts in accordance with the policy.

5.0 Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Firefighters' Pension Scheme; and
- any document recording policy about the administration of the Scheme which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

The Authority is required to make appropriate training available to Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training. There is online training available on the Pension regulator website which members of the Board must complete.

The Board is required to keep appropriate records of the learning activities of individual members and the Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps.

It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund's Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time.

A schedule detailing the training undertaken by Board members during 2018-19 is detailed below:

Date	Training	Attendees
30/04/18	Resolving Internal Disputes Tax and Scheme Pays Requirements of the General Data Protection Regulation	Employer Representatives – Cllr B Apsley; Cllr J Rodney Skelland; Cllr J Brynmor Hughes. Employee Representatives - R Fairhead ACFO, Fire Leaders Association; P Scott and G Hughes, Fire Officers' Association; P Davies, Fire Brigades Union.
10/09/18	None	
18/02/19	My Pensions Online	Employer Representatives – Cllr B Apsley; Cllr J Rodney Skelland; Cllr J Brynmor Hughes; K Finch, Treasurer. . Employee Representatives - R Fairhead ACFO, Fire Leaders Association; G Hughes, Fire Officers' Association; B Roberts; Duncan Stewart-Ball, Fire Brigades Union.

6.0 Reporting Breaches of the Law to the Pensions Regulator

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the Scheme, and is imposed by, or by virtue of, an enactment or rule of law, has not been, or is not being, complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Board. The Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

During 2018/19 one regulatory issue was brought to the attention of the Board as it was identified that the Authority had not fully implemented the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014. Rule B5C required the Authority to determine whether to treat remuneration arising from temporary promotions as an Additional Pension Benefit. The Authority had not complied with this requirement but did so retrospectively in July 2018.

This matter pre dated the creation of the Board and current meetings include updates on regulation changes thereby ensuring that in future the Service will comply with regulatory changes. This matter did not reach the threshold which required a formal report to the Pensions Regulator.

7.0 Work Programme 2018-19

The Board has met three times on 30 April 2018, 10 September 2018 and 18 February 2019.

As a statutory requirement, members of the Board have been provided with regular legislative updates.

Board Meeting – 30 April 2018

- Declaration of Interest
- Minutes of last meeting
- Review and Approve Terms of Reference
- Firefighters' Pension Schemes Update Report
- Training – as above
- Risk Register
- Tax and Scheme pays Report
- Agree Annual Report 2017-18
- Scheme Advisory Board Update

Board Meeting – 10 September 2018

- Declaration of Interest
- Minutes of last meeting
- Firefighters' Pension Schemes Update Report
- Risk Register
- Dyfed Pension Fund Update Report
- Firefighters' Pension (Wales) Scheme (Amendment) Order 2014
- Communication Strategy Report

Board Meeting – 18 February 2019

- Declaration of Interest
- Minutes of last meeting
- Firefighters' Pension Schemes Update Report
- Dyfed Pension Fund Update Report
- Training – as above
- Scheme Advisory Board Update

More detail is available in the agendas and minutes of the above Board meetings which can be accessed via following link:

<http://www.nwales-fireservice.org.uk/fire-and-rescue-authority/local-pension-board/?lang=en>

8.0 Work Programme 2019-20

The Firefighters' Pension Scheme Board maintains a work programme which is considered at every meeting. Now that the Board has completed a number of training activities it will begin to select topics for in-depth analysis with a view to making recommendations to the Fire and Rescue Authority as and when necessary.

The Work Programme for 2019-20 is as set out below:

- Review of Terms of Reference and agreement of the Annual Report for 2018/19.
- Develop a frequently asked questions guidance document for members including information on relevant issues such as the Annual Benefit Statements.
- Agree and develop implementation plan for a review of pensionable pay following a recent High Court judgment
- Develop, agree and monitor Key Performance Indicators for the Pension Administrators (Dyfed Pension Fund)
- Undertake a training needs analysis with members of the Board and agree a training programme including updates on and presentations on current pension issues as necessary
- Review and update the risk register
- Consider implications and respond to the government's consultation on the exit cap
- Provide updates to each meeting on regulatory matters contained within Welsh Government circulars and Local Government Association Bulletins.
- Receive updates on the work of the Scheme Advisory Board (Wales)
- Annual Pension Surveys and consultations (if applicable).

9.0 Key Officers supporting the Local Pension Board

Assistant Chief Officer (Finance and Resources) – Helen MacArthur
Pensions Manager - Julie Brown