

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUTHORITY		
DATE:	6 MAY 2014	REPORT NO:	CFO/045/14
PRESENTING OFFICER	KIERAN TIMMINS, DEPUTY CHIEF EXECUTIVE		
RESPONSIBLE OFFICER:	KIERAN TIMMINS	REPORT AUTHOR:	KIERAN TIMMINS
OFFICERS CONSULTED:			
TITLE OF REPORT:	FIREFIGHTERS' PENSION SCHEME - NEW GOVERNANCE REQUIREMENTS		

APPENDICES:	N/A
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Purpose of Report

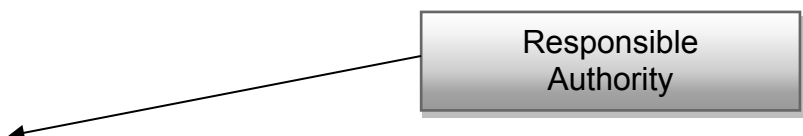
1. To advise members of the requirements of the Public Pensions Act 2013.

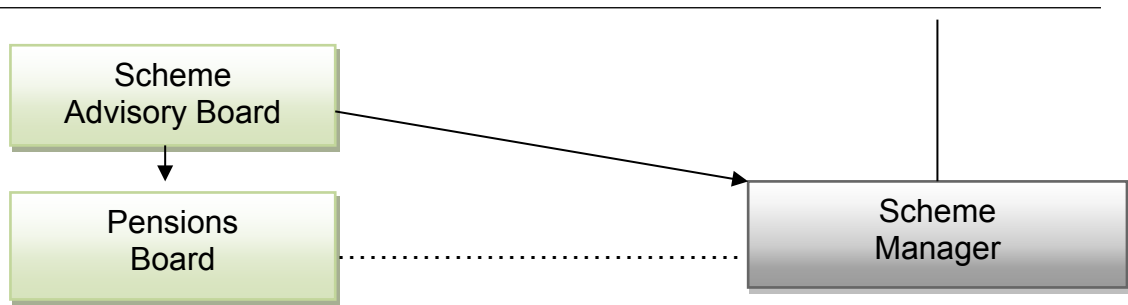
Recommendation

2. It is recommended that Members note the report, and agree to the exploration of the delivery of a Pension Board at a regional level.

Introduction and Background

3. The Public Service Pensions Act 2013 (the “2013 Act”) introduces key provisions on scheme governance in relation to the Firefighters’ Pension Scheme and other public service pension schemes. It provides for :-
 - 3.1. A “responsible authority” who makes the regulations for the scheme – this will be the Department for Communities and Local Government.
 - 3.2. A “scheme manager” to be responsible for managing the administering the scheme – this will be the Fire and Rescue Authority.
 - 3.3. The establishment of a new local “pension board” to assist the scheme manager.
 - 3.4. The establishment of a new national “scheme advisory board” to provide advice to the Department for Communities and Local Government in relation to changes to the scheme and to provide advice to the scheme manager(s) and pension board(s).





Who is Affected and When?

4. In addition to the Firefighters' Pension Scheme, all of the main public service pension schemes will be affected by the new governance requirements, in particular, the Local Government Pension Scheme (LGPS), the NHS Pension Scheme, the Teachers' Pension Scheme, the Principal Civil Service Pension Scheme, the Armed Forces Pension Scheme, the Police Pension Scheme and the Judicial Pension Scheme.
5. From 1st April 2015 the Pensions Regulator will be formally responsible for setting the standards of governance and administration in relation to all of the public service schemes. The timetabling of this change is designed to coincide with the benefit changes to the main public service pension schemes (other than LGPS, which changed in April 2014), and the introduction of the new governance regimes for all the schemes.

How will the new roles work in practice?

6. For the Firefighters' Pension Scheme, the Fire and Rescue Authority will be the scheme manager, although in practice much of the day to day administration may be outsourced to a third party. However, the new pension board will be a completely new entity separate to the scheme manager. It is anticipated that each Fire and Rescue Authority will be required to establish a board, although it is possible that there may be an option for shared boards covering several scheme managers.

Scheme Manager

7. As part of managing and administering its fund within the Firefighters' Pension Scheme, each Fire and Rescue Authority will be required to :-
 - 7.1. Provide annual benefit information statements to each scheme member.
 - 7.2. Publish scheme information.
 - 7.3. Maintain scheme records.
 - 7.4. Report the late payment of contributions to the Pensions Regulator.
 - 7.5. Establish and maintain internal controls to ensure the scheme is managed in

accordance with the rules and legislative requirements.

Pension Board

8. The new pension board will assist the Fire and Rescue Authority in its role as the scheme manager to :-
 - 8.1. Secure compliance with the relevant legislation in respect of governance and administration.
 - 8.2. Secure compliance with the requirements imposed by the Pensions Regulator.
 - 8.3. Assist with any other matters as may be specified in the relevant legislation.
9. The pension board has to include employer and member representatives in equal numbers. The requirements of the role are likely to be onerous and subject to new legal requirements.
10. Board members will be required to have appropriate knowledge and understanding of the rules of the Firefighters' Pension Scheme, the policy documents on scheme administration and the law relating to pensions. They will also be under a duty to report any breaches of the law to the Pensions Regulator.

The Role of the Pensions Regulator

11. The Pensions Regulator intends to bring the standards of governance and administration of all public service pension schemes (including the Firefighters' Pension Scheme) into line with those applicable in the private sector. It has stated that it will prioritise education and enablement, through producing codes of practice and educational material, but that it will take any necessary action to ensure that public service schemes are run to a high standard.
12. The Pensions Regulator will have the power to :-
 - 12.1. Issue an improvement notice where there is contravention of legislation.
 - 12.2. Appoint a skilled person to assist the pension board.
 - 12.3. Require the pension board to provide information about the scheme in relation to the exercise of the Pension Regulator's functions.
 - 12.4. Report to the scheme manager any suspicions of misappropriation of assets by the pensions board or conflicts of interest.

What is Required?

13. MFRA will have to :-
 - 13.1. Review existing pension committee structures to determine if fit for purpose.

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- 13.2. Set up the constitution and operating rules for the new pension board.
 - 13.3. Identify best practice and compliance with the Pension Regulator's new codes of practice.
 - 13.4. Implement the internal control requirements.
 - 13.5. Provide training so pension board members can comply with their knowledge and understanding requirements.
 - 13.6. Provide secretarial support for the scheme manager and/or pension board.
 - 13.7. Provide general legal advice to the scheme manager and/or pension board on governance issues.

Regional Options

14. The exact details of what are required will be in the final Regulations
15. The requirement to deliver a pension board locally is likely to be onerous. There have been some preliminary discussions between NW Treasurers about establishing a NW Pensions Board.
16. Potentially, this might be made up of :-
 - 5 employer representatives
 - 5 member representatives/staff/union reps.supported by appropriate Legal, HR and Finance skills.
17. It is recommended that this option is pursued.

Equality and Diversity Implications

18. None immediately arising from this report.

Staff Implications

19. Pensions is a core element of staff terms and conditions.

Legal Implications

20. The Authority is required to comply with the Public Pensions Act 2013 and with the Regulations when these are published. All other legal implications are fully explained within the body of the this report

Financial Implications & Value for Money

21. None immediately arising from this report. Training and maintaining skills of the Pension Board may incur cost and impact on Member and Officer time.

Risk Management, Health & Safety, and Environmental Implications

22. The actions proposed in this report manages risk of complying with pension law.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

23. Maintaining effective pension arrangements for the firefighting workforce.

BACKGROUND PAPERS

N/A

GLOSSARY OF TERMS
