

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	26 MARCH 2015	REPORT NO:	CFO/024/15
PRESENTING OFFICER	DEPUTY CHIEF EXECUTIVE		
RESPONSIBLE OFFICER:	KIERAN TIMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC MANAGEMENT GROUP		
TITLE OF REPORT:	MFRA LOCAL FIREFIGHTER PENSION BOARD		

APPENDICES:	APPENDIX A: PENSION BOARD DRAFT TERMS OF REFERENCE
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Purpose of Report

1. To inform Members about the requirement to establish a Local Pension Board for the Firefighters' Pension Scheme and to set out its proposed structure. In addition the report recommends that the Scheme Manager responsibility be delegated to the Deputy Chief Executive who will then be accountable for the management and administration of the Firefighters' Pension Scheme.

Recommendation

2. That Members;
 - a. Approve the delegation for fulfilling the role of Scheme Manager for the overall management and administration of the Firefighters' Pension Scheme to the Deputy Chief Executive.
 - b. Approve the establishment of a Local Pension Board for the Firefighters' Pension Scheme as outlined in this report, and specifically:-
 - c. Approve that the Board comprise 6 members consisting of 3 employer representatives and 3 employee members.
 - d. Nominate an elected Member from MFRA to act as 1 of the employer representatives.

Introduction and Background

3. Lord Hutton identified that there is a case for stronger governance of all the public service pension schemes and that there is a legitimate role for representatives of the workforce to be formally involved. He recommended that every public service pension scheme should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance, including effective and efficient administration. In the case of the locally administered schemes, he recommended that there should be local pension boards. Lord Hutton also

found that there should also be a pension policy group for each scheme at national level for considering major changes to scheme rules.

4. The recommendations of Lord Hutton were accepted by the Government and were carried forward into the Public Service Pensions Act 2013 (“the Act”). The Act puts in place the legislative framework for the new governance arrangements for public service pension schemes. In relation to the Firefighters’ Pension Schemes in England the new governance arrangements (*shortly to be ratified in the Firefighters Pension Scheme (Amendment) (Governance) Regulations 2015*) will set up a number of new bodies and requirements as summarised below:-
 - A “**Responsible Authority**” - this will be the Secretary of State for Communities and Local Government and will have responsibility to make regulations for the Firefighters’ Pension Scheme.
 - A national “**Scheme advisory board**” with responsibility for advising the responsible authority about possible scheme changes. The board may also advise scheme managers and/or pension boards on improving the administration and management of the scheme.
 - A “**Local Pension board**” (**LPB**) with responsibility for assisting the scheme manager in securing compliance with:
 - scheme regulations
 - other governance and administration legislation
 - any requirements of the Pensions Regulator
 - additional matters, if specified by scheme regulations
 - The **Scheme Manager** which has overall management or administration responsibility for the Firefighter Scheme(s). The ‘scheme manager’ is the Fire and Rescue Authority (FRA). The FRA can delegate these responsibilities to such persons or employees as authorised by the scheme manager responsible for the administration of the scheme.
5. The Act and Pension Regulations make the FRA the Scheme Manager for the Firefighters’ Pension Schemes. As Scheme Manager the FRA will be responsible for the management and administration of the Firefighters’ Pension Schemes. The Scheme Manager can delegate responsibility to an individual. It would seem logical to delegate responsibility to the Deputy Chief Executive (DCE) as he now manages the administration and management of pensions. This report seeks members’ approval to action this recommendation.
6. The Scheme Manager is required to establish and run a Local Pension Board (LPB) to assist the Scheme Manager in the role of ‘scheme manager’ and help comply with the relevant legal obligations relating to the Firefighters’ Pension Schemes. The LPB will assist in ensuring the effective and efficient governance and administration of the 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 LPB is not a decision making body.

7. This report sets out for members the proposals for the Authority to comply with the requirement to establish a LPB by 1st April 2015, and for it to become operational within 4 months of that date i.e. the first meeting should be no later than 1st July 2015.
8. It will be for the Scheme Manager to determine the membership of the LPB, including how the members are appointed and removed from the Board.
9. A LPB must have an equal number, which is no less than 4 in total, of employer representatives and member representatives (active firefighters who are currently members of a firefighter pension scheme). They may also have other types of members, such as independent experts. The Scheme Manager must be satisfied that:
 - a. The LPB members have the capacity and understanding to represent the employer or scheme members, as appropriate.
 - b. There is no conflict of interest, before appointment and subsequently from time to time. An individual who is, or is to be appointed must provide the Scheme Manager with any information which it reasonably requires to satisfy itself as to whether there is conflict.
 - c. No member or officer of an Authority responsible for the discharge of any function under the Act or Firefighters' Pension Regulations (apart from any function relating to a LPB) may be a member of a local Pension Board.
10. Employee representatives are appointed for the purpose of representing members of the Firefighters' Pension Scheme, and may be, but are not limited to trade union representatives. Former firefighters, (which could include pensioner members if they are no longer employed as a firefighter), cannot be an employee representative.
11. Employer representatives are appointed for the purpose of representing employers. These may be, but are not limited to councillors and/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. This will mean that any Member on the LPB would not be able to be involved in any committee or committee agenda item involving Firefighters' Pension Scheme discretions or any other related matter.
12. It is for the Scheme Manager to determine whether any expenses should be paid in relation to the running of the LPB. The DCLG view is that costs should be on an exceptions basis and only to recover costs. It is possible, in the view of the DCLG, that the pension board will look to obtain specialist professional

Legal Implications

19. The Authority must have a Local Pension Board to fulfil the requirements in the Public Service Pensions Act 2013 and the 2015 Firefighters' Pension Regulations.

Financial Implications & Value for Money

20. There will be costs associated with establishing, maintaining training and running a Pension Board. Initially a permanent budget of £1,000 will be earmarked towards the running costs of the LPB which can be found from within existing budgets.

Risk Management, Health & Safety, and Environmental Implications

21. There are no risk management, health and safety or environmental implications contained within this report.

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

22. The LPB will provide some level of assurance to Firefighters that the Scheme Manager and the Authority are managing the administration of the Firefighters' Pension Scheme in an efficient and effective way, and in accordance with the relevant regulations.

BACKGROUND PAPERS

23. None

GLOSSARY OF TERMS

LPB	Local Pension Board.
DCE	Deputy Chief Executive
FBU	Fire Brigade Union
FOA	Fire Officers Association
DCLG	Department for Communities and Local Government
FRA	Fire and Rescue Authority
THE ACT	Public Service Pensions Act 2013