

SLT meeting: 13.08.19  
SLT agenda item:  
SLT paper no: 19-219 Appendix 1

# **FIREFIGHTER PENSION SCHEMES**

## **LOCAL PENSION BOARD ANNUAL REPORT 2018/19**

### **Annual Report**

This is the Annual Report of the Essex Fire Authority Local Pension Board (the Board), covering the period from 1<sup>st</sup> April 2018 until 31<sup>st</sup> March 2019.

### **Roles and Functions**

The Board is established as the Local Pension Board for the Essex Police Fire & Crime Commissioner Fire & Rescue Authority (“the Authority”) in accordance with section 5 of the Public Service Pension Act 2013 and the Firefighters’ Pension Scheme (Amendment) (Governance) Regulations 2015.

The remit of the Board includes assisting the Scheme Manager to:

- secure compliance with the Firefighter Pension Schemes (the schemes) regulations and any other legislation relating to governance and administration of the schemes;
- secure compliance with requirements imposed in relation to the schemes by the Pension Regulator.

The establishment of the Board was approved by the Audit, Governance & Review Committee (ECC) in July 2015. The papers detailing the establishment of the Board can be found in the Audit, Governance & Review Committee meeting papers of 15 July 2015 ([Agenda item 12](#)). The terms of reference can be found on the scheme’s website:- [www.fire.essexpensionfund.co.uk](http://www.fire.essexpensionfund.co.uk)

## Membership of the Board

The board's membership during 2018/19 is shown below:-

### Employer representatives:

Dave Bill, Assistant Chief Fire Officer, Director of Innovation, Risk and Future Development (Chair),

Glenn McGuinness, Assistant Director of Finance – member until May 2018.

Moira Bruin, Assistant Chief Fire Officer, Director of Operations – member since Sept 2018

Sally Froment, HR Business Partner.

### Employee representatives:

Alistair Castle (FRSA),

Martin Leach (FBU) – member until September 2018

Alan Chinn-Shaw (FBU) – member since October 2018,

Gavin Tripp (FOA).

## Dates of Meetings

The Board met on the following dates during the 2018/19 year:

- Monday 3<sup>rd</sup> September 2018 at 1pm
- Monday 3<sup>rd</sup> December 2018 at 1pm
- Monday 11<sup>th</sup> March 2019 at 1pm

Attendance at Board meetings for the 2018/19 year was 72%. The meeting scheduled for Wednesday 6<sup>th</sup> June 2018 at 1pm was re-arranged for Wednesday 4<sup>th</sup> July 2018, but this was cancelled due to not being quorate and was not re-arranged.

## Conflicts of interest

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A conflict as defined as “a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the pension board.” The Act is clear that actual membership of one of the Firefighter Pension Schemes is not in itself a conflict of interest, so would not preclude a scheme member from serving on the Board.

The Board has a policy for the management of potential conflicts in order to ensure that they do not become actual conflicts and all members of the Board are familiar with this policy. In addition conflicts of interest is a standing item on all Board agendas and any interests noted by members are recorded so that action can be taken to exclude the conflicted individual from proceedings where necessary.

### **Local Pension Board Member Training**

The Public Service Pensions Act 2013 requires that members of local pension boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a local pension board must be conversant with;

- The regulations of the Firefighter Pension Schemes, including historical regulations and transitional provisions, to the extent that they still affect members;
- any document recording policy about the administration of the Firefighter Pension Schemes.

Board members must also have knowledge and understanding of-

- the law relating to pensions,
- such other matters as may be prescribed in other legislation

The degree of knowledge and understanding required by local pension board members is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Local Pension Board.

### **Degree of Knowledge and Understanding**

Members of the local pension board are expected to be conversant with the rules and policies of the Firefighter Pension Schemes. "Being conversant with" implies a working knowledge of what is relevant to the subject under discussion.

A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the Firefighter Pension Scheme regulations;
- other legislation relating to the governance and administration of the scheme;

- requirements imposed by the Pensions Regulator;
- any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator.

## **Areas of Knowledge and Understanding**

The areas in which the Board would be expected to be conversant include, but are not limited to:-

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping);
- Risk assessment and management;
- Scheme booklets and other members communications;
- The role of Local Pension Board Members and the scheme manager;
- Policies in relation to the exercise of discretions;
- Communications with scheme members and employers;
- Key policy documents on administration.

## **Training Strategy and Policy**

The Pension Board has a Knowledge and Understanding policy, which sets out how members of the Local Pension Board will acquire the knowledge and skills necessary to carry out their functions.

The approach of the training strategy is summarised below:-

- Credits are awarded for attendance at Board meetings and formally arranged training sessions and other relevant events which increase knowledge of the Firefighter Pension Schemes;
- Board members are expected to complete the Pension Regulator's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members;
- Assessments of member's knowledge and skills may be used to determine areas for further training. Officers will maintain a record of the credits obtained by each individual member;

- The approach to training will be flexible, in order to recognise the ever changing landscape of Firefighters Pension Schemes;
- The Authority’s Pensions Manager or Pensions Administrators will deliver training in a way that complements the current activities or projects undertaken.

This year the Board have received the following training, which has taken place within formal Pension Board meetings:-

Date	Topics Covered
Monday 3rd December 2018	Transitional Protection arrangements following introduction of the Firefighter Pension Scheme 2015.
Monday 11th March 2019	Overview of Firefighter Pension Schemes

Board members are to complete the 7 modules of the Pensions Regulator's online Public Service toolkit. One module was assigned after each Board meeting and once passed is valid for two years.

The topics, together with the completion rate are:-

- Conflicts of Interest – 4 out of 6 members
- Managing Risk and Internal Controls – 5 out of 6 members
- Maintaining Accurate Member Data – 3 out of 6 members
- Maintaining Member Contributions – 4 out of 6 members
- Providing Information to members and others - 4 out of 6 members
- Resolving Internal Disputes – 2 out of 6 members
- Reporting Breaches of the law - 3 out of 6 members

The completion rate is less than 100%, due in part as there have been changes in membership and the new Board members have not yet had the opportunity to complete all the modules.

## Outcomes and recommendations

The Acting Director of Finance, who is delegated to carry out the Scheme Manager function by the Authority for the Essex Firefighter Pension Schemes, made the decisions about the running of the Firefighter Pension Schemes during the 2018/19 year.

The role of the Board is to assist the Scheme Manager to ensure compliance and to make recommendations to improve the efficient and effective administration and governance of the pensions function.

This year the Board has fulfilled its role in the following ways;

Date	Area	Action
Monday 3rd September 2018	Eligibility for Firefighter Pension Scheme	The Board sought assurances that the Authority complies with the Firefighter's Pension Scheme Eligibility factsheet which has been produced by the Scheme Advisory Board which confirms who can join and continue in the Firefighter Pension Schemes.
Monday 3rd September 2018	Norman v Cheshire judgment	The Board gave a recommendation to the Scheme Manager that the remaining people who have not made payments as a result of the Norman v Cheshire judgments should be invoiced for the amount due.
Monday 3rd September 2018	18-20 Contribution Holiday	The Board gave a recommendation to the Scheme Manager that the remaining person who has not yet claimed their payment is sent a cheque for the amount payable.
Monday 3rd December 2018	Pensions Tax	The Board gave a recommendation that more guidance is needed regarding pension tax, specifically on annual allowance and lifetime allowance. There is now more guidance available on the intranet and in contracts for promotions to Station Manager B or above.

Monday 3rd December 2018	Work Plan	The Board reviewed and approved the work-plan, which lists the areas of work that the Board will look at through 2019.
Monday 3rd December 2018	Key Performance Indicators	The Board reviewed and approved their KPI's, which will measure the performance of the Board.
Monday 3rd December 2018	Risk Register	The Board reviewed the Pensions Risk Register and recommended to the Scheme Manager that Risk <i>P0004 - Increased Costs to Essex Fire</i> should have a higher score due to the increase in employer contributions for 2019/20.
Monday 3rd December 2018	Scheme Member Survey	The Board Chair assisted the Scheme Manager with the communication of the survey to employees.
Monday 11th March 2019	Pensions Tax	The Board reviewed and approved the new pension tax information.
Monday 11th March 2019	Split Pension	The Board sought assurances that the Authority complies with the split pension provision in the Firefighter's Pension Scheme regulations.
Monday 11th March 2019	Guaranteed Minimum Pension reconciliation	The Board gave a recommendation to the Scheme Manager regarding how to resolve the small number of remaining cases.

### Future Dates of Meetings

The Board agreed to the following meeting dates for the 2019/20 year:

Thursday 6<sup>th</sup> June 2019 at 10am

Wednesday 4<sup>th</sup> September 2019 at 1pm

Wednesday 4<sup>th</sup> December 2019 at 1pm

A meeting will be arranged for March 2020.