

Fire Authority Pension Board

Report of the Chief Fire Officer

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1 Purpose of Report

This report advises of the progress made in establishing the Fire Authority Pension Board for the Firefighter Pension Schemes, as required under The Public Services Pensions Act 2013. The report also asks the Fire Authority to decide upon the process for appointment of the Pension Board Chair and to consider and agree the Board's terms of reference.

2 Recommendations

The Fire Authority is asked to:

- a) Note the progress made to date;
- b) Agree the process for appointment of the Chair of the Pension Board; and
- c) Consider and agree the terms of reference of the Board (attached as an appendix to this report).

3 Background

As reported to Members in February 2015, under The Public Service Pensions Act 2013, the Authority is required to establish 'a properly constituted, trained and competent pension board, with member nominees, responsible for meeting good standards of governance, including effective and efficient administration' (Hutton Review recommendation 17).

At its February meeting the Fire Authority agreed, inter alia, the composition of its Pension Board, noted the draft terms of reference and delegated to the Assistant Chief Fire Officer the task of establishing the Pension Board.

The Pension Board was established by the required date of 1 April 2015 and is made up of the Fire Authority's Treasurer and Deputy Chief Fire Officer (employer representatives), one member of the Fire Brigades Union and one member of the Retained Firefighters Union (employee representatives).

The Board held its inaugural meeting on 22 July 2015, when it appointed the Deputy Chief Fire Officer as its interim Chair to hold office until the Fire Authority agreed the process for appointment of the Chair (see section 4 below). The Board approved its terms of reference and agreed to recommend them to the Fire Authority (see section 5 below). It also designated an officer of the Service to take responsibility for developing and implementing a knowledge and understanding framework to ensure that each member of the Board is able to fulfil their role effectively.

4 Appointment of Pension Board Chair

The 'Firefighters' Pension Scheme Guidance on the creation and operation of Local Pension Boards in England' (the Guidance), circulated by the Local Government Employers, suggests three options for the appointment of the Board's Chair, namely:

- a) An independent chair;
- b) A board appointed chair; or
- c) A fire and rescue authority appointed chair.

Although these options are not prescribed by legislation, the Scheme Manager, i.e. the Fire Authority, must decide upon the process for appointment.

As stated above, the Board appointed an interim Chair for its inaugural meeting. The Fire Authority is now asked whether it wishes to maintain the position whereby the Board appoints its own Chair. This is the procedure for all other Fire Authority committees and panels.

5 Terms of Reference

The Board has approved its terms of reference, a copy of which is attached as an appendix to this report. Included are stipulations that the Board will be subject to, and abide by, Shropshire and Wrekin Fire and Rescue Authority Members' Code of Conduct, that it will meet twice a year and that the quorum for meetings will be all four members.

The Guidance states that the terms of reference should set out details of the administration of Board meetings. Members of the Board felt that for consistency and to avoid any confusion the same procedures as those followed by the Fire Authority should be adopted. Accordingly, the terms of reference state that the administration of Board meetings will follow the procedures set out in the Authority's Standing Orders for the Regulation of Proceedings and Business. Where there is any discrepancy between the Standing Orders and the Terms of Reference, the latter will take precedence. Board members may, however, ask for meeting papers to be sent to them via email, rather than by post.

Members are now asked to consider and agree the terms of reference, which will be amended to reflect the decision, made by the Fire Authority regarding appointment of Chair.

6 Skills and Training

Board members are required to have comprehensive knowledge and understanding regarding their role. Accordingly, the Guidance states that the Board should establish and maintain a policy and framework to address those requirements. These documents will be produced by the Service's Development Officer.

To date one-day national training sessions have taken place around the country, which three Board members attended. The Pensions Regulator has now issued a "Trustee Toolkit" e-learning programme, accessible via the Regulator's website. The Toolkit provides seven modules, covering the key themes in the Code of Practice on governance and administration of public service schemes. Each module has an interactive tutorial and test, which, when completed assesses the understanding of each module. On completion of each module a certificate is provided as evidence of the knowledge and understanding gained.

Prior to its next meeting in January, the Board will attend a training day, at which the scheme administrator (Shropshire Council) will provide an overview of the Firefighters Pension Schemes in order for the Board to gain a better understanding of these Schemes.

7 Financial Implications

There are likely to be costs associated with obtaining specialist advice, training Board members and reimbursing them for expenses. To meet these costs the Fire Authority has agreed a budget of £3,000, which has been accommodated from existing budgets.

8 Legal Comment

There are no legal implications arising from this report other than compliance with the Public Service Pensions Act 2013 and the Firefighter Pension Scheme Regulations.

9 Appendix

Shropshire and Wrekin Fire and Rescue Authority
Pension Board Draft Terms of Reference

10 Background Papers

Shropshire and Wrekin Fire and Rescue Authority
25 February 2015
Report 18 New Pension Board for Firefighter Pension Schemes

Distributed by the Local Government Employers
The Firefighters' Pension Scheme Guidance on the creation and operation of Local Pension Boards in England

Shropshire and Wrekin Fire and Rescue Authority

Pension Board Draft Terms of Reference

1 Statement of Purpose

The purpose of the Board is to assist Shropshire and Wrekin Fire and Rescue Authority in its role as a Scheme Manager of the Firefighters Pension Scheme (the Scheme). Such assistance is to:

- (a) Secure compliance with the 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;
- (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; and
- (b) Should be subject to and abide by Shropshire and Wrekin Fire and Rescue Authority Members' Code of Conduct.

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.

Member Representatives

Two member representatives shall be appointed to the Board.

Member representatives shall either be members of the scheme administered by Shropshire and Wrekin Fire and Rescue Authority or have experience of representing pension scheme members in a similar capacity.

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

Employer representatives

Two employer representatives shall be appointed to the Board.

Employer representatives shall be office holders or senior employees of Shropshire and Wrekin Fire and Rescue Authority or have experience of representing scheme employers in a similar capacity.

Office holders or employees of Shropshire and Wrekin Fire and Rescue Authority with delegated responsibility for discharging the scheme manager function of Shropshire and Wrekin Fire and Rescue Authority may not serve as employer representatives.

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

Employer representatives shall be appointed by Shropshire and Wrekin Fire and Rescue Authority in a manner, which it considers best promotes the purpose of the Board.

4 Appointment of chair

The Chair of the Board shall be (*delete as appropriate*):

- (Option 1) an independent chair.
- (Option 2) appointed by the Board.
- (Option 3) appointed by Shropshire and Wrekin Fire and Rescue Authority.

The duties of the chair should be in accordance with the duties of a chair within Shropshire and Wrekin Fire and Rescue Authority.

5 Notification of appointments

On appointment to the Board Shropshire and Wrekin Fire and Rescue 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.

6 Conflicts of interest

All members of the Board must declare to Shropshire and Wrekin Fire and Rescue Authority 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.

On appointments to the Board and following any subsequent declaration of potential conflict Shropshire and Wrekin Fire and Rescue Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of Shropshire and Wrekin Fire and Rescue Authority and the requirements of the Pensions Regulator codes of practice on conflict of interest for Board members.

7 Knowledge and Understanding (including Training)

Knowledge and understanding must be considered in light of the role of the Board to assist Shropshire and Wrekin Fire and Rescue Authority in line with the requirements outlined in section 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.

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.

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.

8 Term of Office

Term of Office should be in accordance with the committee cycle in Shropshire and Wrekin Fire and Rescue Authority.

Board membership may be terminated prior to the end of the term of office due to:

- (a) A member representative appointed on the basis of their membership of the scheme no longer being a member of the scheme;
- (b) A member representative no longer being a member of the body on which their appointment relied;
- (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- (d) The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

9 Meetings

The Board shall meet at least twice a year. Meetings shall normally take place between the hours of 9.00 am and 5.00 pm.

The Chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board may, in exceptional circumstances, be conducted via communications between members of the Board, including telephone conferencing and e-mails.

The administration of meetings shall follow the procedures set out in the Standing Orders for the Regulation of Proceedings and Business of Shropshire and Wrekin Fire and Rescue Authority. Where there is any discrepancy between those Standing Orders and these Terms of Reference, the latter shall take precedence.

If requested by a Board member, meeting papers shall be sent via email, to the email address specified by them, rather than by post to their home address.

10 Quorum

The total number of members required to be present for a meeting to be quorate is all four members.

11 Voting

The Chair shall determine when consensus has been reached.

Where consensus is not achieved this should be recorded by the Chair.

12 Requests for Information

In support of its core functions the Board may make a request for information to Shropshire and Wrekin Fire Authority with regard to any aspect of the Scheme Manager function. Any such a request should be reasonably complied with in both scope and timing.

13 Recommendations

In support of its core functions the Board may make recommendations to Shropshire and Wrekin Fire and Rescue Authority, which should be considered and a response made to the Board on the outcome within a reasonable period of time.

14 Interpretation

In these terms of reference:

'the Scheme' means the Firefighters' Pension Scheme.

'Regulations' means:

- The Firefighters' Pension Scheme 1992 as amended;
- The Firefighters' Pension Scheme 2006 as amended;
- The Firefighters' Pension Scheme Regulations 2014 as amended;
- The Pension Regulator's Codes of Practice as they apply to the scheme manager and pension board; and
- Any other relevant legislation applying to the Scheme.