

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report:

Public

Agenda Item:

11

Meeting: Combined Fire Authority

Date: 9th July 2015

Subject: Local Pension Board

Report by: The Treasurer

Author: Trevor Peel

For: Decision

1. Purpose

The Chief Fire and Rescue Officer (CFO) approved the creation of a Local Pensions Board under the Firefighters' Pension Scheme 2015 having sought the views of the Chair and Group Leaders on this under the Urgent Action Procedure. The purpose of this report is to update the Combined Fire Authority (CFA) on progress to date.

2. Executive Summary

The CFA is obliged to set up a Local Pensions Board under the Firefighters' Pension Scheme 2015 and this report explains how this has been enabled to date and to agree the CFA's representatives on the Board.

3. Report Detail

3.1 The Public Service Pensions Act 2013 sets out requirements for the governance and administration of public service pension schemes and provides for explicit regulatory oversight of these schemes. These schemes principally cover civil servants, the judiciary, local government workers, teachers, health service workers, fire and rescue workers, members of police forces and the armed forces. The CFA offers pension schemes to two sets of employees the first of which is the Local Government Pension Scheme (LGPS) which is managed and administered by Leicestershire County Council as the Pensions Authority. The Firefighters' Pension Schemes (FFPS) are national schemes but are managed and administered locally by Fire and Rescue Authorities. Whilst the provisions of the Act apply to both types of scheme, the obligations under the Act in respect of the LGPS are discharged fully by the County Council in its capacity as scheme manager; in respect of the Firefighters' Pension Scheme the responsibility falls upon the CFA.

3.2 Key to the Act is the establishment of a number of roles within the FFPS:

- The Pensions Advisory Board

- The Local Pensions Board
- The Scheme Manager
- The Scheme Administrator

3.3 The Pensions Advisory Board is a national body convened by the Department for Communities and Local Government (DCLG) to advise on matters relating to the FFPS. This body will be composed of equal numbers of both employer and employee representatives facilitated by an independent chair. To date no detail has been received from DCLG on how this board will be constituted, its membership and plans from April 2015.

3.4 Under the Urgent Action Procedure the following decisions were made:

- a) the Treasurer be authorised to establish a joint Pensions Board with Nottinghamshire and Derbyshire as soon as reasonably practicable.
- b) prior to the establishment of such a joint Board the Treasurer makes the necessary arrangements to create a Board for the CFA alone.
- c) the Treasurer brings a report to the CFA meeting in June on progress in this matter.
- d) the Group Leaders for the 2 largest groups are asked to nominate one of their Overview and Scrutiny Committee Members for appointment to the Board by the Solicitor and Monitoring Officer (this is the number that will be required for the joint Board – 2 from each Authority as employer representatives and 6 employee representatives).

3.5 The Local Pensions Board is a board which consists of employer and employee representatives in equal numbers (with a minimum number of 2 each side) and is established to assist the Scheme Manager to secure compliance with the Regulations, and other legislation relating to the governance and administration of the Scheme, and any requirements imposed by the Pensions Regulator in relation to the Scheme. It is not a decision making body and adopts a wholly scrutiny role. A person appointed to the Local Pension Board as an employer representative has to have the capacity to represent the employer and could be an Officer or a Member. They cannot be the Scheme Manager or be responsible for the management of the pension scheme. The Board established by the CFA from the 1st April 2015 has four nominated members:

- Mr T Kershaw CC (nominated by the then Conservative Group Leader)
- Cllr D Bajaj (nominated by the then Labour Group Leader)
- Graham Vaux (Leicestershire Fire Brigades Union)
- Karl McKee (East Midlands Region Fire Brigades Union)

It is anticipated that the first meeting of the Board will agree the Terms of Reference for the Board following attendance of all Board members at a National Training Programme that will be led by the Local Government Association in July 2015.

3.6 The Scheme Manager is the CFA which will discharge this function through a nominated officer. At the April CFA meeting it was agreed that the Constitution

should be amended to delegate this responsibility specifically to the Treasurer. This has now been done.

- 3.7 The Scheme Manager may appoint a Scheme Administrator to effectively run the pension scheme at a local level. This function is currently undertaken by the County Council and they provide firefighters' pensions administration for Leicestershire, Nottinghamshire and Derbyshire Fire Authorities.
- 3.8 The firefighters' pension regulations permit the establishment of joint Local Pension Boards but only in cases where scheme administration and management is wholly or mainly shared by two or more Scheme Managers. However, this requires specific Secretary of State approval and to date DCLG have not produced any further guidance on this matter. Discussions have been held with Nottinghamshire and Derbyshire Fire Authorities with a view to sharing a Local Pensions Board. This would be very convenient as all three Authorities use the County Council as their Scheme Administrator. As it is the main purpose of the Board to oversee the work of the Scheme Administrator there are potential benefits from a sharing a Board. Whilst it is currently the objective to seek to establish a joint Board until consent has been given the CFA will require its operate its own Board.

4. Report Implications / Impact

4.1 *Legal (including crime and disorder)*

These are dealt with in the report.

4.2 *Financial (including value for money, benefits and efficiencies)*

The full financial implications are not known as yet as all Fire Authorities will have to contribute to the funding of the national Scheme Advisory Board.

4.3 *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

Failure to operate a Local Pensions Board correctly could result in action by the Pension Regulator although initially they have confirmed a "light touch" approach until Local Pension Boards are fully established and embedded within the Fire Service.

4.4 *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)*

Consultation has taken place with the relevant recognised trade unions on membership on the Board and they have nominated their representatives to sit on the Board.

4.5 *Environmental*

None.

4.6 ***Impact upon Our Plan Objectives***

None.

5. **Recommendations**

The CFA is asked to note the report.

6. **Background Papers**

Urgent Action Procedure (CFA Report - 8th April 2015)

7. **Appendices**

None.