

**Due to the current heightened security level at all our premises, Members are reminded to wear their identity badges whilst attending meetings. Any visitors must produce photographic identification at Reception.**

## **LOCAL PENSION BOARD COMMITTEE SUMMONS**

### **SOUTH WALES FIRE & RESCUE AUTHORITY**

You are required to attend a meeting of the Local Pension Board Committee to be held at **South Wales Fire & Rescue Service Headquarters, Forest View Business Park, Llantrisant, CF72 8LX** on **Monday, 25 June 2018 in Room 8 at 1030 hours.**

#### **A G E N D A**

1. Apologies for Absence
2. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairman's Announcements
4. To Receive the Minutes of:-
  - Local Pension Board Committee Meeting held on 26 February 2018 3
5. Local Pension Board - Training Strategy & Framework 9
6. All Wales Scheme Advisory Board (SAB) - Update 21
7. General Data Protection Regulations (GDPR) – May 2018 29
8. The Firefighters Pension (Wales) Scheme (Amendment) Order 2014 – Pensionable Pay 33

9.	The Pensions Regulator – Statement ‘Managing Service Providers’	47
10.	Survey of FRA Local Pension Boards (England) 2017	51
11.	Forward Work Programme 2018-2019	115
12.	To consider any items of business that the Chairman deems urgent (Part 1 or 2)	123

Signature of Proper Officer:



**MEMBERSHIP**  
**Councillors:**

S	Bradwick	Rhondda Cynon Taff
J	Harries	Rhondda Cynon Taff
V	Smith	Monmouthshire
K	McCaffer	Vale of Glamorgan
R	Prendergast	Association of Principal Fire Officers
A	Psaila	Fire Brigades' Union
D	King	Retained Firefighters' Union
L	Jones	Fire Brigades' Union

**SOUTH WALES FIRE & RESCUE AUTHORITY**

**MINUTES OF THE LOCAL PENSION BOARD MEETING  
HELD ON MONDAY 26 FEBRUARY 2018 AT  
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

**43. PRESENT:**

<b>Councillor</b>	<b>Left</b>
S Bradwick (Chair)	Rhondda Cynon Taff
V Smith (Deputy Chair)	Monmouthshire
D Ali	Cardiff
J Harries	Rhondda Cynon Taff
K McCaffer	Vale of Glamorgan
D King	Retained Firefighters Union
R Prendergast	Association of Principal Fire Officers

**APOLOGIES:**

H Joyce	Cardiff
A Psaila	Fire Brigades Union

**ABSENT:**

M Phillips	Cardiff
L Jones	Fire Brigades Union

**OFFICERS PRESENT:-** A/ACO M Malson – Director of People Services, DCO S Chapman – Monitoring Officer, Mr C Barton – Treasurer, Mr M Prior – Chair of Firefighters Pension Scheme Wales Scheme Advisory Board

**44. DECLARATIONS OF INTEREST**

All Members declared a personal non-prejudicial interest in each agenda item which affected their Authority.

## **45. CHAIR'S ANNOUNCEMENTS**

- **WELCOME ADDRESS**

The Chair extended a warm welcome to Mr Michael Prior, Chair of the Firefighters Pension Scheme Wales Advisory Board, and to newly appointed Member Councillor Harries.

- **ESSENTIAL TRAINING REQUIREMENTS**

The Chair stressed the importance of Local Pension Board Members completing the required training which was a statutory requirement to ensure that they had the requisite knowledge, skills and understanding to fulfil their obligations associated with their role on the Board.

However, the Chair was disappointed to learn that there were three Members who had still not completed the required training even though Officers had arranged a dedicated training day which Members did not attend.

Members were informed that the training session would be rescheduled to take place before the next Local Pension Board meeting, and that they should make every effort to attend otherwise it would be necessary to consider whether those Members had the capacity to undertake their role on the Board.

Following a proposal by the Chair, Officers agreed to send a formal letter to Members reminding them of the importance of attending Local Pension Board training sessions.

## **46. MINUTES OF PREVIOUS MEETING**

The minutes of the previous Local Pension Board Committee meeting held on 16 October, 2017, were received and accepted as a true record of proceedings.

## **47. BRIEF OVERVIEW OF THE WORK AND ROLE OF THE WALES SCHEME ADVISORY BOARD**

The Chair of the Firefighters Pension Scheme Wales Scheme Advisory Board provided Members with a verbal overview of the work and role of the Wales Scheme Advisory Board.

## **RESOLVED THAT**

Members agreed to note the verbal overview report on the work and role of the Wales Scheme Advisory Board.

The Chair thanked the Chair of the Firefighters Pension Scheme Wales Scheme Advisory Board for addressing the Members and for providing an informative overview on the work of the Wales Scheme Advisory Board.

### **48. ALL WALES SCHEME ADVISORY BOARD - UPDATE**

The Acting ACO People Services informed Members that the Scheme Advisory was a body established by Welsh Government to oversee the various Firefighters' Pension Schemes in Wales. The purpose of the report was to appraise the Local Pension Board of the most recent Scheme Advisory Board's discussions which could impact on the Fire & Rescue Authority's role as Pension Scheme Managers.

## **RESOLVED THAT**

Following a question and answer session on data security issues and an arrangement fee of £3 per Firefighter member paid to the Local Government Association, Members agreed to accept the report and the information contained therein.

### **49. SCHEME ADVISORY BOARD – RESPONSE TO WELSH MINISTERS ON THE GOVERNMENT ACTUARY'S DEPARTMENT (GAD) 2016 VALUATION ASSUMPTIONS**

The Acting ACO People Services presented a report which provided Members of the Local Pension Board with an update on the Scheme Advisory Board's formal response to Welsh Ministers to all of the Government Actuary Department's 2016 Valuation Assumptions.

## **RESOLVED THAT**

Members agreed to note the content of the Scheme Advisory Board's response to Welsh Ministers.

## **50. WELSH GOVERNMENT'S CONSULTATION ON AMENDMENTS TO FIREFIGHTERS' PENSION SCHEMES IN WALES – DECEMBER 2017**

The Acting ACO People Services presented a report which updated Members on the Welsh Government's Consultation on Amendments to the Firefighters' Pension Schemes in Wales, which would allow surviving spouses or civil partners of qualifying Firefighters to retain their entitlement to a survivor's pension should they remarry or enter into a new civil partnership.

The consultation also covered proposed minor amendments to the 1992, 2007, and 2015 Schemes.

### **RESOLVED THAT**

50.1 Members agreed to note the content of the consultation document, and the formal response made on behalf of the Fire & Rescue Authority.

50.2 Members agreed to receive a further report on the outcomes of the consultation process, and amendments to the Firefighters' Pension Schemes once they were finalised.

## **51. PENSIONS TAX AWARENESS SEMINAR**

The Acting ACO People Services presented a report which updated Members on the Local Government Association Pension Tax Awareness Seminar in respect of the tax implications for Firefighters' Pension Scheme members of Annual Allowances (AA) and Lifetime Allowance (LTA), and Fixed and Individual Protections.

### **RESOLVED THAT**

Following lengthy discussion on the importance of providing employees with awareness rather than advice on tax issues relating to individuals' pensions, Members agreed to accept the report and the information contained therein.

## **52. SUMMARY OF THE LOCAL PENSION BOARD WORK PROGRAMME**

The Acting ACO People Services informed Members of the work that the South Wales Fire & Rescue Authority Local Pension Board had undertaken during the Municipal Year 2017/2018.

### **RESOLVED THAT**

52.1 Members agreed to note the work of the South Wales Fire & Rescue Authority Local Pension Board for 2017/2018.

52.2 Officers agreed to send the Chair a copy of the Forward Work Programme for the new Municipal Year 2018/2019.

## **53. FORWARD WORK PROGRAMME**

The Acting ACO People Services presented the Forward Work Programme for 2017/2018.

### **RESOLVED THAT**

Members accepted the Forward Work Programme for 2017/2018.

## **54. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1 OR 2)**

There were no items of urgent business for Members to consider.

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**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD COMMITTEE  
REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES**

AGENDA ITEM NO 5  
25 JUNE 2018

**LOCAL PENSION BOARD – TRAINING STRATEGY & FRAMEWORK**

**SUMMARY**

The Local Pension Board (LPB) is required to have a Training Strategy and Framework to meet the statutory requirements of ensuring all Board Members have the requisite knowledge, skills, and understanding to enable them to fulfil their role on the Board.

**RECOMMENDATION**

1. That Members of the Board approve the Local Pension Board Training Strategy as outlined in Appendix 1.
2. That Members of the Board approve the skeleton outline of the Local Pension Board Training Framework as outlined in Appendix 2 that will be developed by Officers for approval at a future Board meeting.
3. That Members of the Board approve the development by Officers of a Local Pension Board 'Training Needs Analysis' for approval at a future Board meeting.
4. That Members of the Board approve the development by Officers of the Local Pension Board, a Training Record Log for approval at a future Board meeting.
5. That Members of the Board approve the development by Officers of the Local Pension Board, Members Handbook for approval at a future Board meeting.

**1. BACKGROUND**

- 1.1 The Pensions Regulator (TPR) Code of Practice No 14: 'Governance and Administration of Public Service and Pension Schemes' (page 12, paragraphs 44 to 60) identifies that every individual who is a Member of a Local Pension Board must:-

(a) Be conversant with:-

- i. The rules of the Firefighters' Pension Schemes, in other words the Regulations, and other regulations governing the Firefighters Pensions Schemes; and

- ii. Any document recording policy about the administration of the Schemes which is for the time being adopted in relation to the Schemes, and

(b) Have knowledge and understanding of:

- i. The law relating to pensions; and
- ii Such other matters as may be prescribed

1.2 These responsibilities begin from the date the Local Pension Board Member takes up their role. The knowledge and understanding requirements apply to every individual Member of a Local Pension Board rather than as a collective group.

1.3 The Fire & Rescue Authority is committed to making the appropriate training available to Local Pension Board Members to assist them in undertaking their role and where possible will provide support in undertaking that training.

1.4 Where a Local Pension Board Member does not demonstrate their capacity to attend and complete training then the Regulations require the Fire & Rescue Authority to consider whether that Member has the capacity to undertake their role on the Board.

## **2. DEGREE OF KNOWLEDGE AND UNDERSTANDING.**

2.1 The legal requirement is that Members of the Local Pension Board must be conversant with the rules of the Firefighters' Pension Schemes and any document recording policy about the administration of the Scheme. This is implied as a working knowledge i.e. a sufficient level of familiarity, so that Members are aware of which legislation/policies to refer to when carrying out their role.

2.2 It is implicit that Local Pension Board Members understand the duties and obligations that apply to the Fire & Rescue Authority as well as to themselves. Local Pension Board Members should be clear on the roles, responsibilities and duties of the Board, and its Members, as set out in the Terms of Reference. Local Pension Board Members need to be able to identify and challenge failure to comply with the Scheme rules. The rules of the Firefighters' Pension Schemes would include the Regulations and any statutory guidance referred to in the Regulations.

### **3. AREAS OF KNOWLEDGE AND UNDERSTANDING**

- 3.1 Local Pension Board Members should be conversant with, but not limited to, the following areas:-
- (a) Scheme approved policies (conflicts/reporting/record keeping)
  - (b) Risk assessment/management.
  - (c) Scheme booklets/Members communications
  - (d) The role of Local Pension Board Members and the Scheme Manager (South Wales Fire & Rescue Authority Pension Fund)
  - (e) Policies in relation to discretions
  - (f) Communications with scheme members and employers
  - (g) Key policy documents on administration, funding, and investment (e.g. Administration Strategy, Funding Statement Strategy, Statement of Investment principles)
- 3.2 Local Pension Board Members should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Local Pension Board is given. Members should be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Local Pension Board's duty to assist the Fire & Rescue Authority.
- 3.3 The Board needs to produce a knowledge and understanding policy and framework for the acquisition and retention of knowledge and understanding for its Members. The framework will need to be a continuous cycle of identifying training requirements, leading into training design and training delivery, and then the evaluation of this training to identify further requirements. This will lead to the continuous development of Local Pension Board Members.
- 3.4 Members of this Board will need to commit sufficient time in their learning and development alongside their other duties as training is an important part of the individual's role, and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.
- 3.5 As Members knowledge and understanding responsibilities technically begin from the date they take up their post, training needs to start as soon as possible to start to familiarise themselves with the Regulations, key fund documents, and relevant pensions law.
- 3.6 However, there is a practical recognition that it will take a newly appointed Member a reasonable period to attain the required full level of knowledge and understanding, while consideration needs to be given to

the differing levels of existing knowledge that Local Pension Board Members may have already attained.

#### **4. TRAINING STRATEGY**

4.1 The Training Strategy for Local Pension Board Members is set out in Appendix 1 attached to the report. The delivery of this Strategy is key to the successful implementation of the training required to undertake the role on the Board.

4.2 There are a number of different formats that will be used to deliver training, including a Member's handbook, briefing notes, seminars, internal and external training events, conferences, e-learning, and webcasts.

4.3 It is an essential element of the Strategy that assessments are made of individual training needs, and records are kept to measure the implementation of the Strategy.

4.4 There are six key elements of the Strategy that Local Pension Board Members must achieve:-

- Within 12 months from the date of appointment have completed all training necessary to fulfil the legal requirements made of a Board Member;
- Continuously review their knowledge and understanding, and annually undertake a skills and learning analysis to identify any gaps in their knowledge;
- Produce a personal development plan setting out clear and simple objectives;
- Complete all learning objectives and scrutinise each activity as it is undertaken;
- Record all learning undertaken by completing the Training Framework
- Reflect on what they have learnt to assist in the completion of future learning activities

4.5 The Training Strategy outlines the technical knowledge, skills, and training requirements that need to be achieved. These include:-

- The Pension Regulators Public Sector Toolkit
- The Pension Regulator Code of Practice No. 14: Governance and Administration of Public Service Pension Schemes
- Pensions Legislation
- Pensions Governance
- Pensions Administration

- Pensions Accounting and Auditing Standards
- Investment Performance and Risk Management
- Actuarial Methods, Standards and Practice.

## **5. TRAINING PLAN**

- 5.1 Whilst since its inception in 2015, the Local Pension Board has received a number of reports detailing the training requirements for Board Members, and a number of internal and external training events have been delivered, there is still a lot of work required to develop a full Training Framework. Therefore, a skeleton Training Framework for Local Pension Board Members is set out in Appendix 2 attached to this report.
- 5.2 The delivery of this Framework is key to the successful implementation of the training required to undertake the role on the Board, and will be developed to include all of the areas identified in the Strategy.
- 5.3 There are a number of key areas that need to be developed to ensure that the right training and support are given to all new and existing Members of the Local Pension Board. The starting point will be that on an annual basis a Local Pension Board Members 'Training Needs Analysis' will be undertaken to identify any areas which Members require training or refresher training on.
- 5.4 To support the development of the Training Framework a Local Pension Board Members 'Training Record Log' will be developed so that Members can record their individual areas of training completed and attended. This will be monitored by the Chairperson of the Board, and Officers will ensure training is provided to maintain knowledge, understanding, and compliance with the requirements of the role.
- 5.5 To compliment the Training Strategy and Framework, as previously reported to the Board, a Local Pension Board 'Members Handbook' will be developed that will be a single reference source for Members.

## **6. FINANCIAL CONSIDERATIONS**

- 6.1 There are no significant financial implications from this report. The costs of providing training to the Local Pension Board will be included in the annual training budget projections.
- 6.2 The development and implementation of this Training Strategy and Framework will ensure Local Pension Board Members have sufficient knowledge and understanding to carry out their duties effectively.

## 7. RECOMMENDATIONS

- 7.1 That Members of the Board approve the Local Pension Board Training Strategy as outlined in Appendix 1.
- 7.2 That Members of the Board approve the skeleton outline of the Local Pension Board Training Framework as outlined in Appendix 2 that will be developed by Officers for approval at a future Board meeting.
- 7.3 That Members of the Board approve the development by Officers of a Local Pension Board 'Training Needs Analysis' for approval at a future Board meeting.
- 7.4 That Members of the Board approve the development by Officers of the Local Pension Board, a Training Record Log for approval at a future Board meeting.
- 7.5 That Members of the Board approve the development by Officers of the Local Pension Board Members Handbook for approval at a future Board meeting.

<b>Contact Officer:</b>	<b>Background Papers:</b>
A/ACO Mark Malson Acting Director of People Services	Local Pension Board Reports presented on:- <ul style="list-style-type: none"> <li>• 2 November, 2015 – LPB Training Plans</li> <li>• 14 May 2016 – LPB Training Plans</li> <li>• Appendix 1 – LPB Training Strategy</li> <li>• Appendix 2 – LPB Training Framework</li> </ul>

## APPENDIX 1

### LOCAL PENSION BOARD

#### TRAINING STRATEGY

##### Role of a Pension Board member

In accordance with [Section 5\(2\) of the Public Services Pensions Act 2013](#) amendments have been made to the Firefighters' Pension Schemes to provide for the establishment of a Local Pension Board.

The purpose of the Local Pension Board is to assist the scheme manager (the Fire & Rescue Authority) in securing compliance with:

- Scheme(s) regulations;
- Legislation relating to governance and administration of the scheme(s);
- Requirements imposed by the Pensions Regulator.

Local Pension Board members must:

- Be conversant with the scheme rules (have a working knowledge of the full range of Firefighters' Schemes regulations);
- Be conversant with documented governance and administration policies currently in force;
- Have a knowledge and understanding of the law relating to pensions (and other associated legislation) to the degree appropriate for them to carry out their role, responsibilities and duties.

##### TRAINING STRATEGY

A Local Pension Board member will:

1. Within 6 months from the date of appointment have completed all training necessary to fulfil the legal requirements made of a Board member;
2. Continuously review their knowledge and understanding and annually undertake a skills and learning analysis to identify any gaps in their knowledge;
3. Produce a personal development plan setting out clear and simple objectives
4. Complete all learning objectives and scrutinise each activity as it is undertaken;
5. Record all learning undertaken by completing the policy framework;
6. Reflect on what they have learnt to assist in the completion of future learning activities.

## **TECHNICAL KNOWLEDGE, SKILLS AND TRAINING REQUIREMENTS**

### **1. The Pensions Regulator public service toolkit**

- a) Conflicts of Interest
- b) Managing Risk and internal controls
- c) Maintaining accurate data
- d) Maintaining member contributions
- e) Providing information to members and others
- f) Resolving internal disputes
- g) Reporting breaches of the law

### **2. The Pensions Regulator Code of Practice No. 14: Governance and administration of public service pension schemes**

- a) Governing your scheme
  - i. Knowledge and understanding required by local pension board members
  - ii. Conflicts of interest and representation
  - iii. Publishing information about schemes
- b) Managing risks
  - i. Internal controls
  - ii. Managing risks
  - iii. Risk register
- c) Administration
  - i. Scheme record-keeping
  - ii. Maintaining contributions
  - iii. Providing information to members
- d) Resolving issues
  - i. Internal dispute resolution
  - ii. Reporting breaches of the law

### **3. Pensions legislation**

- a) The legislative framework for pensions in the UK
- b) Specific Firefighters' Pension Scheme(s) regulations and statutory guidance
  - i. Understanding scheme membership and eligibility
  - ii. Understanding scheme benefits
- c) Firefighters' Pension Scheme(s) discretions and their impact on the pension scheme(s), employers and local Taxpayers
- d) Keeping up to date with changes to the rules
- e) Other related legislation
  - i. The Public Service Pensions (Record Keeping and Miscellaneous Amendment) Regulations 2014

- ii. The Occupational and Personal (Disclosure of Information) Regulations 2013
- iii. The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2000
- iv. Part 8 of the Finance Act 2004

#### **4. Pensions governance**

- a) Understanding the governance structure, nationally and locally, and the roles each body plays
  - i. Welsh Government (Responsible Authority)
  - ii. The Fire & Rescue Authority (Scheme Manager)
  - iii. The Scheme Advisory Board (Welsh Government, 3 FRA and trades unions)
  - iv. The Scheme Administrator (Rhondda Cynon Taff Pension Section)
  - v. The Pensions Regulator
  - vi. The Pensions Advisory Service
  - vii. The Pensions Ombudsman
  - viii. The Government Actuary
- b) Knowledge of the stakeholders and the nature of their interests
- c) Knowledge of consultation, communication and involvement options relevant to the stakeholders
- d) Governance policies
  - i. Cash management
  - ii. Due diligence
  - iii. Governance Compliance Statement

#### **5. Pensions administration**

- a) Understanding best practice in pensions administration e.g. performance and cost measures
- b) Understanding the required and adopted scheme policies and procedures relating to:
  - i. Pension Administration Strategy
  - ii. Member data maintenance and record-keeping processes
  - iii. Contribution collection
  - iv. Scheme communications policy, documents and materials
  - v. Service Level Agreements
- c) Knowledge of how the pension fund interacts with HMRC
- d) Performance and payment schedule
- e) The role of the scheme employer

#### **6. Pensions accounting and auditing standards**

- a) An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice
- b) An understanding of the role of both internal and external audit
- c) An understanding of the roles played by third parties

## **7. Investment performance and risk management**

- a) An understanding of the importance of monitoring asset returns relative to liabilities and a broad understanding of ways of assessing long-term risks
- b) An awareness of the principles of performance management and the approach adopted by the administering authority
- c) Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.
- d) An understanding of the risk and return characteristics
- e) A broad understanding of the pension fund and the nature of the associated risks
- f) An understanding of how the pension fund interacts with HMRC

## **8. Actuarial methods, standards and practices**

- a) A general understanding of the role of the fund actuary
- b) Knowledge of the valuation process and inter-valuation monitoring
- c) An awareness of the importance of monitoring early and ill health strain costs
- d) An understanding of the implications of admitting new employers to the fund and the cessation of those employers
- e) A general understanding of the relevant considerations in relation to outsourcings and bulk transfers
- f) A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers

**APPENDIX 2****LOCAL PENSION BOARD****SKELETON - TRAINING FRAMEWORK**

**SELF ASSESSMENT – TRAINING NEEDS ANALYSIS**

**INDUCTION**

**ROLE, RESPONSIBILITIES AND DUTIES**

**EXPECTATIONS**

**TERMS OF REFERENCE**

**KNOWLEDGE OF FIREFIGHTERS' PENSION SCHEMES**

**THE PENSION REGULATORS PUBLIC SECTOR TOOLKIT AND EXPECTATIONS**

**FIREFIGHTERS' PENSION SCHEMES – FUNDING**

**FIREFIGHTERS' PENSION SCHEMES – MEMBERSHIP**

**KEY POLICIES AND PROCEDURE**

**SCHEME ADVISORY BOARD (WALES)**

**TECHNICAL KNOWLEDGE, SKILLS AND TRAINING REQUIREMENTS**

- **The Pensions Regulator public service toolkit**
- **The Pensions Regulator Code of Practice No. 14: Governance and administration of public service pension schemes**
- **Pension's legislation**
- **Pension's governance**
- **Pension's administration**
- **Pensions accounting and auditing standards**
- **Investment performance and risk management**
- **Actuarial methods, standards and practices**

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Firefighters Union, Fire Officers' Association, and the Fire Leaders Association.

2.2 The Board is scheduled to meet three times a year. The most recent meeting was held at the Welsh Government Offices, Llandrindod Wells, on 20 March, 2018.

2.3 The Board received reports and addressed a number of matters that are summarised below for ease of reference.

#### 2.4 **Firefighters' Pension Schemes – GAD Valuation 2016**

2.4.1 The draft GAD Valuation report 2016 was discussed in detail at the Scheme Advisory Board meeting held on 27 November, 2017, and reported to the Local Pension Board on 26 February, 2018.

2.4.2 The Scheme Advisory Board noted that Welsh Government had discussed the return made on the consultation with the Government Actuaries Department (GAD) against the GAD Valuation 2016, and the issues raised. The main issues were around:-

- Commutation rates – GAD assumption of 15% of final pension will be commuted to a lump sum for the 2007, 2015 and mixed 2007/15 Scheme members as specified by HM Treasury. This is being challenged in that experience shows that Firefighters commute in the main the maximum of 25%.
- The use of office of National Statistics (ONS) 2016 data – it was noted that the SAB in England had received information from HM Treasury that the ONS 2016 data would be used for pension mortality rates.
- Age based retirement – based on the English data because there is insufficient evidence on which to base a revised assumption, and the different early retirement factors and accrual rates for Wales. Welsh Government agreed with GAD that the assumptions report would include a paragraph to indicate that the rate of early retirement could potentially be higher in Wales, but that any difference would not be material to the valuation.
- Mortality rates – the GAD assumptions for pensioner mortality rates are based on English data. GAD explained that the same assumption had been used for Wales and Northern Ireland, but not Scotland because of the significant

difference in deaths compared with the rest of the UK. Welsh Government agreed the assumption originally proposed.

- Promotional pay – the GAD assumptions around promotional pay increases, and the impact this would have on future costs to the pension schemes if not aligned to regulations introduced in 2013. Welsh Government agreed they would raise the matter with GAD.

2.4.3 It was noted that there is a delay in the HM Treasury formally publishing their 2016 Valuation and Cost Gap regulations which would provide updates on some of the assumptions being used by GAD, and challenged by the Scheme Advisory Board and Welsh Government.

2.4.4 This is not unique to Wales, and as a result of the delay GAD is unable to confirm when the final valuation report would be made available, but it is likely that this will be between May and October of this year. The timing is going to become difficult, particularly if there is a breach of the Cost Gap, which would require detailed discussions with the Scheme Advisory Board, and potentially more formal consultation on Scheme amendments which would need to come into force by 1 April 2019.

## 2.5 Membership Data

2.5.1 Welsh Government presented a report on Scheme membership data that feeds into the wider GAD Valuation report. It was noted that there are more than 6,000 members across the Schemes in Wales. It was highlighted that the number of active members in Wales had decreased where as they had increased in England. It was suggested that this may be due to the number of On-Call Firefighters in Wales who had deferred from joining the Firefighters' Pension Scheme.

2.5.2 An issue was raised around the income and expenditure of the Schemes as the total pensionable pay had increased by £5m since the last valuation. It was agreed that the Scheme Advisory Board would receive a report on this matter at its next meeting in July.

## 2.6 Pensionable Pay

2.6.1 Reference was made to the Pension Ombudsman's determination in Firefighter A v Warwickshire Fire & Rescue Authority in respect of the New Firefighters' Pension Scheme 2015. This case relates

to an On-Call Firefighter and pensionable pay. The determination found that as well as the retaining fee, call out fees, hourly rates for attending incidents and training payments should all count as pensionable pay.

2.6.2 It can be confirmed that due to On-Call Firefighters in South Wales being paid on a salary basis there is no impact on the Fire & Rescue Authority due to this decision. There is a case with the Pensions Ombudsman involving Mid & West Wales FRS in respect of additional contracts and allowances. This case should reach conclusion this year.

2.6.3 On a national level consideration is being given to the development of guidance on what is pensionable pay and legal advice is being procured.

## **2.7 Scheme Data**

2.7.1 The Scheme Advisory Board were presented with Scheme opt-out data that showed that for the period April 2017 to January 2018 there was an increase in opt-outs of 47 (10 WDS and 37 On-Call). This in the main was attributed to Mid & West Wales FRS with opt-outs following auto enrolment.

2.7.2 It was noted that many On-Call Firefighters opted out of the Scheme because they already had pension provisions as part of their primary employment or because of the high cost of the provision. It was agreed that the Services had a role to ensure that anyone considering opting-out understood the benefits of being in the Schemes, but acknowledged that this was a personal choice.

## **2.8 Firefighters' Pension Scheme Amendments**

2.8.1 Welsh Government updated the Scheme Advisory Board on its consultation relating to survivor benefits on remarriage or forming new civil partnerships, of Firefighters who dies as a result of injury while on duty (reported to this Board on 26 February 2018). The Welsh Government had identified their preferred option which was to remove the rule which removed benefits on remarriage or entering a new civil partnership from 1 April 2015, for those who die as a result of injury whilst on duty, and to reinstate benefits for those who had already lost them from that date.

2.8.2 As part of the consultation process it was suggested that the rule should be removed and reinstate benefits retrospectively to the point they had been removed (i.e. before 1 April 2015 if

appropriate) for both Firefighters who died as a result of injury while on duty, and applied more widely to death in service to provide consistency with recent Supreme Court rulings in the cases of Walker\* and Brewster\*\*. Welsh Government had, therefore, reviewed the potential costs of applying full retrospection to the point when entitlement had been removed for Firefighters who died as a result of injury while on duty.

- *Mr Walker is gay, and had sought confirmation that his husband (who had previously been his civil partner) would receive a survivor's pension in the event of his death. The administrator of his pension scheme declined on the grounds that Mr Walker's pensionable service ended before the Civil Partnerships Act 2004 came into force, and before Mr Walker entered into such a partnership. The Court held that this decision amounted to unlawful discrimination on grounds of sexual orientation, and ordered that Mr Walker's husband would be eligible for a survivor's pension based on all the years of Mr Walker's service.*
- *Ms Brewster was in a cohabiting relationship with Mr McMullen, a member of the Northern Ireland local government pension scheme. Following his death, she was refused a survivor's pension on the basis that he had allegedly not completed the requisite nomination form in her favour, despite her relationship with him otherwise complying with the scheme rules. The Court held that the requirement to complete a nomination form was an unreasonable and unlawful infringement of Ms Brewster's human rights, and declared that the requirement in the Regulations that she and Mr McMullen should have made a nomination be disapplied, and that she was entitled to receive a survivor's pension under the scheme.*

2.8.3 Whilst the numbers affected by the proposed amendment were very low, the actual costs associated with such a decision would have placed a considerable burden on the Fire & Rescue Authorities. As a result the Welsh Government have decided to continue with their original preferred option of making the change from 1 April 2015, for Firefighters who died as a result of injury while on duty.

2.8.4 It was acknowledged that the consultation had raised wider concerns about survivor benefits of those who had lost their survivor pensions on remarriage or entering a new civil partnership where the loss was not related to being killed on duty. Welsh Government recognised that there remained inequalities in survivor benefits. The Scheme Advisory Board agreed that consideration should be given to equalisation of all survivor benefits, but noted that this was not an issue that could be considered in isolation, but would involve all public sector pension schemes, and the cost implications could be considerable.

2.8.5 Welsh Government confirmed that it would lay Orders to amend the minor amendments to the 2007 Pension Scheme to remove the requirement for Scheme members to nominate a cohabiting partner to receive survivor benefits (the Brewster case), and the other additional minor amendments to the Scheme, these should come into force later this year. In terms of the Walker case, Welsh Government is waiting on further legal advice from HM Treasury, and further consultation may be required in respect of amendments to the 1992 Pension Scheme.

2.8.6 Welsh Government would inform HM Treasury of the Scheme Advisory Board's general views on survivor benefits and establish whether HM Treasury have any plans to review survivor benefits across the public sector pension schemes.

## 2.9 **Guaranteed Minimum Pension (GMP)**

2.9.1 HM Treasury had arranged to hold a working group to focus on GMP reconciliation, overpayments and a number of other technical issues that had arisen. Invitations would be issued for representation on the group.

2.9.2 All three Fire & Rescue Authorities reported that the Scheme administrations had made good progress with the data reconciliation exercise, and appeared to be on target to meet the December 2018 deadline.

## 3. **FINANCIAL IMPLICATIONS**

3.1 There are no additional financial issues arising as a result of this report.

## 4. **EQUALITY RISK ASSESSMENT**

4.1 There are no Equality Risk Assessment issues arising as a result of this report.

## 5. **RECOMMENDATIONS**

5.1 That Members accept the report and the information contained therein.

<b>Contact Officer:</b> A/ACO Mark Malson Acting Director of People Services	<b>Background Papers:</b> Local Pension Board meeting held on 26 February, 2018  All Wales Scheme Advisory Board update  Welsh Governments Consultation on Amendments to the Firefighters' Pension Schemes in Wales
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## **GENERAL DATA PROTECTION REGULATIONS (GDPR) – MAY 2018**

### **SUMMARY**

This report details the background to the General Data Protection Regulations (GDPR) that came into effect on 25 May, 2018. The GDPR requires data protection and privacy by design and default. There is a new emphasis on stricter conditions for obtaining valid consent, transparency, and accountability, by ensuring there is a legal basis for collecting and holding individual data.

The report details the work being undertaken to ensure compliance with the GDPR, and the work of the internal and external pension administration processes and protocols.

### **RECOMMENDATION**

That Members accept the report and the information contained therein.

## **1. BACKGROUND**

- 1.1 The new General Data Protection Regulations (GDPR) comes into effect from 25 May, 2018. There is no transition period, and compliance requirements must be met from day one. GDPR is the biggest change to data protection law in over 20 years, with the aim to expand, modernise, and bring in the concept of data protection by design and default.
- 1.2 GDPR is a change in focus from regulating high risk data processing activities to improving data security in more routine matters. It aims to bring about a culture shift that meets the need of the digital age, and requires a change in organisation attitude towards data privacy.
- 1.3 Under the GDPR the Fire & Rescue Authority will need to review how it collects, holds and processes personal data, as well as how it communicates with individuals about that activity.

## **2. ISSUES**

- 2.1 The most significant change as far as the Fire & Rescue Authority is concerned is the increase in sanctions. Breaches of the GDPR may be subject to fines of up to 20 million Euros, or 4% of global annual turnover, whichever is the greater.

- 2.2 The conditions for obtaining valid consent to processing personal data will become much stricter. There are also greater transparency obligations, with the Fire & Rescue Authority required to provide more information on what data is held, and how that data is used.
- 2.3 There is also a new emphasis on accountability. The Fire & Rescue Authority must be able to demonstrate its compliance to the Regulator, the Information Commissioners Office (ICO) on an ongoing basis, and to maintain records. Individuals will have significantly increased rights to access their personal data.
- 2.4 Because the GDPR requires data protection and privacy by design and default, the Fire & Rescue Authority will need to build appropriate privacy requirements into its day-to-day operations, and notify the Information Commissioners Office, and any individuals affected, if certain types of data breach occur.
- 2.5 The GDPR data protection principles are that the Fire & Rescue Authority must be able to demonstrate that any personal data handled is:-
- Processed lawfully, fairly, and transparently
  - Collected for specified, explicit, and legitimate purposes
  - Adequate, relevant, and limited to what is necessary
  - Accurate, and kept up to date where necessary
  - Kept for longer than is necessary where data subjects are identifiable
  - Processed securely and protected against accidental loss, destruction or damage
- 2.6 In order to address the introduction of the GDPR the Service's internal pension team, along with the Information Governance & Compliance Officers, are working on some key tasks to ensure compliance, namely:-
- Mapping the process for pension administration internally to understand fully what information is collected, for what purpose, why it is kept, what information is shared, with whom and why.
  - Ensuring that there is a legal basis for each part of the pension administration process.
  - Communicating privacy information to all members of staff.
- 2.7 Because of the outsourcing of the pension's administration to RCT Pensions is under a Service level Agreement, this agreement is under review to ensure compliance with the GDPR.

- 2.8 For the purpose of pension administration, the legal bases for collecting and holding individual data is to ensure the performance of the employment contract (Article 6b), compliance with a legal obligation of the controller (Fire & Rescue Authority) to administer the pension schemes (Article 6c), and processing is necessary for the performance of a task (pension administration) carried out by the controller (Article 6e).
- 2.9 In some instances it is anticipated that the data collected/processed may include 'special category data' (previously known as sensitive data). Where this occurs the Fire & Rescue Authority will be able to rely on the legal basis of it being necessary for the purposes of carrying out obligations in the field of employment and social security (Article 9b)

### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no additional financial issues arising as a result of this report.

### 4. EQUALITY RISK ASSESSMENT

- 4.1 There are no Equality Risk Assessment issues arising as a result of this report.

### 5. RECOMMENDATIONS

- 5.1 That Members accept the report and the information contained therein.
- 5.2 That Local Pension Board Members receive a report on the revised Service Level Agreement with RCT Pensions at October's meeting.
- 5.3 That Members receive a further report detailing the work undertaken to ensure compliance with the new GDPR regulations at October's meeting.

<b>Contact Officer:</b>	<b>Background Papers:</b>
A/ACO Mark Malson Acting Director of People Services	Guide to the General Data Protection Regulation (GDPR) – Information Commissioner  Guide to the General Data protection Regulation (GDPR) – CIPD – GDPR in the Workplace

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**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD COMMITTEE  
REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES**

AGENDA ITEM NO 8  
25 JUNE 2018

**THE FIREFIGHTERS PENSION (WALES) SCHEME (AMENDMENT) ORDER  
2014 – PENSIONABLE PAY**

**SUMMARY**

At the Fire & Rescue Authority meeting held on 26 March, 2018, a report was received on the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014.

Due to the timings of both the Fire Authority and Local Pension Board Committee meetings, and the research required to draft the report, it was not possible to present the report to the Local Pension Board before the Fire & Rescue Authority meeting.

The purpose of this report to Members is to scrutinise the decisions taken by the Fire & Rescue Authority at its meeting held on 26 March, 2018, to implement all of the recommendations within the report.

**RECOMMENDATION**

That Members endorse the decision taken by the Fire & Rescue Authority at its meeting held on 26 March, 2018, to implement all the recommendations within the report.

**1. BACKGROUND**

- 1.1 At the Fire & Rescue Authority meeting held on 26 March, 2018, a report was received on the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014, which is attached to the report as Appendix 1.
- 1.2 The purpose of the report was to seek decisions from the Fire & Rescue Authority in respect of the pension treatment of temporary promotion in light of the legal, financial, and moral considerations that surround them.
- 1.3 At the meeting Members accepted all of the recommendations contained within the report, and an implementation dated of 1 April 2018.

**2. ISSUES**

- 2.1 It is the role of the Local Pension Board to assist the Scheme Manager, the Fire & Rescue Authority, to:-
  - Secure compliance with the Scheme Regulations, and with any other provisions relating to the governance, administration of the

Scheme, and provision of pension benefits by the Scheme Manager.

- Secure compliance with the requirements imposed by the Scheme and any connected Scheme by the Pensions Regulator.
- Ensure the effective and efficient governance and administration of the Scheme.

2.2 Due to the timings of both the Fire & Rescue Authority and Local Pension Board meetings, and the research required to draft the report, it was not possible to present this report to the Local Pension Board before the Fire & Rescue Authority meeting.

2.3 Therefore, the purpose of this report to the Local Pension Board is to scrutinise the decisions taken by Members at its meeting held on 26 March, 2018, to implement all of the recommendations in the report.

### **3. FINANCIAL IMPLICATIONS**

3.1 The Firefighters' Pension Schemes are unfunded, and administered and governed by the Welsh Government (WG). The pension costs relating to these payments have continued to be charged to the fund across Wales. Should it be determined that the treatment of these costs is not appropriate, they may need to be met from the Fire Authorities own resources.

### **4. EQUALITY RISK ASSESSMENT**

4.1 An Equality Risk Assessment has been undertaken to assess the potential impact of this report. The assessment concluded that whilst there is the potential for age related rules relating to pension entitlements to cause age discrimination, this is likely to be justifiable, and therefore lawful where proposals mirror the age related impacts of the Scheme rules.

### **5. RECOMMENDATIONS**

5.1 That Members endorse the decision taken by the Fire & Rescue Authority at its meeting held on 26 March, 2018, to implement all the recommendations within the report.

<b>Contact Officer:</b>	<b>Background Papers:</b>
A/ACO Mark Malson Acting Director of People Services	Appendix 1 - Report to the Fire & Rescue Authority meeting held on 26 March, 2018 – ‘The Firefighters’ Pension (Wales) Scheme (Amendment) Order 2014’

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**APPENDIX 1**

**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD COMMITTEE**

AGENDA ITEM NO 8  
26 MARCH 2018

REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

**THE FIREFIGHTERS' PENSION (WALES) SCHEME (AMENDMENT) ORDER  
2014**

**SUMMARY**

The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December, 2014, and made some retrospective amendments from 1 July, 2013, to the Firefighters' Pension Scheme Order 1992 (FPS 1992).

There was an amendment to the FPS 1992, Rule B5C (additional pension benefit: continual professional development) that was replaced with Rule B5C – Additional Pension Benefit (APB). This new Rule B5C – Additional Pension Benefit introduced new powers for the Fire & Rescue Authority to make certain temporary allowances and emoluments which satisfy the prescribed requirements, pensionable under APB arrangements, and was effective from 1 July, 2013.

It came to light at the Scheme Advisory Board (Wales) meeting held on 27 November, 2017, that the three Fire & Rescue Authorities in Wales have not adopted the change in this Rule.

In reviewing the change to Rule B5C – Additional Pension Benefit, account has been taken of the need to implement the change, and the necessity for a fair and ethical outcome for FPS 1992 Scheme members. Implementing the change could potentially have an impact on the financial position of both active and retired Firefighters, and for the Fire & Rescue Authority.

There are four main groups of Firefighters that will be affected by the change to Rule B5C – Additional Pension Benefit:-

- Group 1 – Active Firefighters who are temporary promoted at the determined implementation date.
- Group 2 – Active Firefighters who were temporary promoted after 1 July, 2013, but before the determined implementation date, and their retirement date is more than 3 years since the temporary promotion.
- Group 3 – Active Firefighters who have been temporary promoted prior to the determined implementation date, and could retire within 3 years of this implementation date.

- Group 4 – Retired Firefighters who have retired based on the old regulations since 1 July, 2013, but before the determined implementation date.

The purpose of this report is to seek decisions from the Fire & Rescue Authority in respect of the pension treatment of temporary promotion in light of the legal, financial, and moral considerations that surround them.

## RECOMMENDATIONS

1. That Members consider that temporary promotion is pensionable and that pension benefits are earned through an Additional Pension Benefit.
2. That Members implement the change to Rule B5C – Additional Pension Benefit with effect from 1 April 2018, and not to apply the change retrospectively because it is through no fault of the Firefighters themselves that the change was not implemented. The expectations of the Firefighters affected should be honoured by leaving existing and future pension benefits in the position they are currently or were expected to be in at the point of retirement.
3. It is recommended that the following is applied to each of the identified groups as set out below:-
  - **Group 1 – Active Firefighters who are temporary promoted at 1 April, 2018**

It is recommended to Members that going forward with effect from 1 April, 2018, this group of Firefighters will receive pension benefit calculated as additional pension benefit, thus implementing Rule B5C.

- **Group 2 – Active Firefighters who were temporary promoted after 1 July, 2013, but before the determined implementation date, and their retirement date is more than 3 years since the temporary promotion.**

It is recommended to Members that with effect from 1 April, 2018, that this group of Firefighters, whose retirement date is later than 3 years after 1 April, 2018, have their periods of temporary promotion since 1 July, 2013, recalculated and applied based on an APB basis in line with the new regulations.

- **Group 3 – Active Firefighters who have been temporary promoted prior to 1 April, 2018, and could retire within 3 years of this implementation date.**

It is recommended to Members to treat temporary promotion for Firefighters who chose to retire within 3 years of the implementation date, 1 April, 2018, under the old regulation (best of the last 3 years), hence leaving existing and future pension benefits in the position they are currently in at the point of retirement, and with no impact on the Firefighters in this group.

For those Firefighters who chose not to retire within 3 years of the implementation date, 1 April, 2018, then their pension calculations will be based on the new regulations, and have any previous temporary promotions recalculated and applied on an APB basis, as Per Group 2 above.

- **Group 4 – Retired Firefighters who have benefited from a higher final salary based pension since the change in the regulations in July 2013**

It is recommended to Members to treat temporary promotion for these retired Firefighters under the old regulations (the best of the last 3 years), hence leaving existing and future pension benefits in the same position they are currently, and with no impact on the retired Firefighters.

## 1. BACKGROUND

1.1 The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December, 2014, and made some retrospective amendments from 1 July, 2013, to:-

- Firemen's Pension Scheme Order 1992 (FPS 1992)
- Firefighters' Pension Scheme (Wales) Order 2007
- Firefighters' Compensation Scheme (Wales) Order 2007

1.2 There was an amendment to the FPS 1992, Rule B5C (additional pension benefit: continual professional development) that was replaced with Rule B5C – Additional Pension Benefit (APB)

1.3 This new Rule B5C – Additional Pension Benefit introduced new powers for the Fire & Rescue Authority to make certain temporary allowances and emoluments which satisfy the prescribed requirements, pensionable under APB arrangements, and was effective from 1 July, 2013. (See Appendix A attached to the report for the full description of Rule B5C).

1.4 If a Firefighter experienced temporary promotion in the last 3 years of their normal retirement they would benefit from the increase in salary in their final salary calculation (the best of the last 3 years). If the temporary promotion was outside of their last 3 years there was no benefit in their final salary calculation. However, by using an APB it means that

Firefighters will always benefit from APBs' earned during a period of temporary promotion.

- 1.5 APBs' are treated separately for tax purposes in that they count against annual allowances as an absolute sum rather than through a calculation relating to final salary and defined benefits. This helps to significantly reduce tax liability and some pension benefit is earned irrespective of whether or not the temporary promotion ends. However, since the extra salary whilst on temporary promotion does not count within the final salary pension benefits, the overall benefits are not as great if the Firefighter is within 3 years of retirement.
- 1.6 It came to light at the Scheme Advisory Board (Wales) meeting held on 27 November, 2017, that the three Fire & Rescue Authorities in Wales have not adopted the change in this Rule. Research suggest that at the time of the change this was due in the main to the uncertainty around pensionable pay, and the complexity around the interpretation of the change regarding what pensionable pay components actually were. All three Fire & Rescue Services in Wales have continued to treat temporary promotions as pensionable pay under the old regulations, and as part of the defined benefits under the final salary scheme.
- 1.7 Further research on this matter has revealed that a large number of English Fire & Rescue Services have also found themselves in the same position, and were either in the process of addressing or had addressed the issue after the original implementation date. Mid & West Wales Fire & Rescue Service have implemented the change with effect from 1 January, 2018, and North Wales Fire & Rescue Service are looking to implement the change with effect from 1 April, 2018.
- 1.8 In reviewing the change to Rule B5C – Additional Pension Benefit account has been taken of the need to implement the change and the necessity for a fair and ethical outcome for FPS 1992 Scheme members. Implementing the change could potentially have an impact on the financial position of both active and retired Firefighters, and for the Fire & Rescue Authority.
- 1.9 The purpose of this report is to seek decisions from the Fire & Rescue Authority in respect of pension treatment of temporary promotion in light of the legal, financial, and moral considerations that surround them.

## **2. ISSUES**

- 2.1 Under Rule B5C the Fire & Rescue Authority is required to make a decision as to whether or not temporary promotions are pensionable or non-pensionable.

- 2.2 If the Authority decides that temporary promotion is non-pensionable, then no pension contributions would be deducted on the extra pay received during the temporary promotion, and no pension benefits would be accrued.
- 2.3 If the Authority decides that temporary promotion is pensionable then contributions would be made at the normal rate, but the pension benefits earned would be through an APB rather than as part of the defined benefits under the final salary scheme.
- 2.4 In addition the Authority needs to determine the implementation date from which to introduce the change going forward, and whether or not to apply the changes retrospectively to the original implementation date, 1 July 2013.
- 2.5 There are four main groups of Firefighters that will be affected by the change to Rule B5C – Additional Pension Benefit:-
- Group 1 – Active Firefighters who are temporary promoted at the determined implementation date.
  - Group 2 – Active Firefighters who were temporary promoted after 1 July, 2013, but before the determined implementation date, and their retirement date is more than 3 years since the temporary promotion.
  - Group 3 – Active Firefighters who have been temporary promoted prior to the determined implementation date, and could retire within three years of this implementation date.
  - Group 4 – Retired Firefighters who have retired based on the old regulations since 1 July, 2013, but before the determined implementation date.
- 2.6 If this change is applied retrospectively there will be, understandably, concerns from active Firefighters about the potential impact of this change on their expectations for their future pension benefits, and particularly for those that may have already started their retirement planning.
- 2.7 Furthermore, those Firefighters who have retired since the change will already be receiving pension benefits based on a final salary position under the old regulations, and any retrospective change could have significant impacts on their current benefits.

- 2.8 It can be seen that for groups 1, 3, and 4, that it is highly likely that these groups would claim an actual or perceived loss of income, and future income, as a result of any retrospective implementation of this change in the regulations, due to the legitimate expectation they were given when they accepted the temporary promotion on the treatment of their pension. They are likely to argue, through no fault of their own, that their financial position has been affected, and they would pursue this as a complaint against the Authority through the Internal Disputes Resolution procedure (IDRP), and subsequently The Pensions Ombudsman.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 If the Fire & Rescue Authority makes a decision to apply the change retrospectively, and reclaim from affected individuals, then there is likely to be considerable financial implications in terms of any challenge that the Authority would receive from active and retired Firefighters whose pension benefits would be affected. These costs would relate to resource implications, in terms of officer time, and the legal support required in addressing the legal challenges through IDRP and/or Pension Ombudsman procedures, in addition to the administrative burden of recalculating already in payment pensions. There is no guarantee of success either in terms of the legal process or the recovery of funds given individual circumstances.
- 3.2 The Firefighters' Pension Schemes are unfunded, and administered and governed by the Welsh Government (WG). The pension costs relating to these payments have continued to be charged to the fund across Wales. Should it be determined that the treatment of these costs is not appropriate, they may need to be met from the Fire Authorities own resources.

### **4. EQUALITY RISK ASSESSMENT**

- 4.1 An Equality Risk Assessment has been undertaken to assess the potential impact of this report. The assessment concluded that whilst there is the potential for age related rules relating to pension entitlements to cause age discrimination, this is likely to be justifiable, and therefore lawful where proposals mirror the age related impacts of the Scheme rules.

### **5. RECOMMENDATIONS**

- 5.1 It is recommended that Members consider that temporary promotion is pensionable and that pension benefits are earned through an Additional Pension Benefit.

5.2 It is recommended that Members implement the change to Rule B5C – Additional Pension Benefit with effect from 1 April, 2018, and not to apply the change retrospectively because it is through no fault of the Firefighters themselves that the change was not implemented. The expectations of the Firefighters affected should be honoured by leaving existing and future pension benefits in the position they are currently or were expected to be in at the point of retirement.

5.3 It is recommended that the following is applied to each of the identified groups:-

- **Group 1 – Active Firefighters who are temporary promoted at 1 April, 2018**

It is recommended to Members that going forward with effect from 1 April, 2018, this group of Firefighters will receive pension benefit calculated as additional pension benefit, thus implementing Rule B5C.

- **Group 2 – Active Firefighters who were temporary promoted after 1 July, 2013, but before the determined implementation date, and their retirement date is more than 3 years since the temporary promotion.**

For this group of Firefighters the old regulations disadvantage them if they return to their substantive role greater than 3 years away from retirement as they effectively paid additional pension contributions but received no benefit at all. Under the new regulations they at least retain the APB they have earned which forms part of their final pension benefits.

It is recommended to Members that with effect from 1 April, 2018, that this group of Firefighters, whose retirement date is later than 3 years after 1 April, 2018, have their periods of temporary promotion since 1 July, 2013, recalculated and applied based on an APB basis in line with the new regulations.

- **Group 3 – Active Firefighters who have been temporary promoted prior to 1 April, 2018, and could retire within 3 years of this implementation date.**

For this group of Firefighters the old regulations would allow temporary promotion in the last 3 years before retirement (best of the last 3 years) to benefit from the increase in salary in their final salary pension calculation. This is the expectation for this group of Firefighters.

It is recommended to Members to treat temporary promotion for Firefighters who chose to retire within 3 years of the implementation date, 1 April, 2018, under the old regulation (best of the last 3 years), hence leaving existing and

future pension benefits in the position they are currently in at the point of retirement, and with no impact on the Firefighters in this group.

For those Firefighters who chose not to retire within 3 years of the implementation date, 1 April, 2018, then their pension calculations will be based on the new regulations, and have any previous temporary promotions recalculated and applied on an APB basis, as Per Group 2 above.

- **Group 4 – Retired Firefighters who have benefited from a higher final salary based pension since the change in the regulations in July 2013**

The group of Firefighters will have retired under the old regulations of benefitting from temporary promotion within the last 3 years of their service, and the increase in salary in their final salary pension calculation. This was the expectation for this group of Firefighters at the point of retirement, and they are receiving pension benefits in line with the regulations applied to them, taking the temporary promotion in to account at the time they retired.

It is recommended to Members to treat temporary promotion for these retired Firefighters under the old regulations (the best of the last 3 years), hence leaving existing and future pension benefits in the same position they are currently, and with no impact on the retired Firefighters.

<b>Contact Officer:</b>	<b>Background Papers:</b>
<p>ACO Mark Malson Acting Director of People Services</p>	<p>Explanatory Memorandum to the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 (issued 8 December 2014 by the Minister for Public Services)</p> <p>W-FRS Circular (2014) 14 (issued 17 December 2014)</p> <p>The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 (came into force on 31 December, 2014)</p> <p>Acknowledgement of the support, advice and guidance given in the preparation of this report from Mr Jonathan Hurford-Potter, Hampshire Fire &amp; Rescue Service, and the work he has completed in respect of this change to the Firefighters' Pension Scheme</p>

## APPENDIX A

### THE NEW RULE B5C – ADDITIONAL PENSION BENEFIT

1. Where a Fire & Rescue Authority determines that the benefits listed in Paragraph (5) are pensionable, and in any additional pension benefit year pays any such pensionable benefits to a regular Firefighter, the Authority must credit the Firefighter with an amount of additional pension benefit in respect of that year.
2. Subject to Paragraph (3), the amount of additional pension benefit in respect of that year must be determined on 1 July, immediately following the year in question, in accordance with guidance and tables provided by the Scheme Actuary.
3. The amount of additional pension benefit determined in accordance with Paragraph (2) must be increased on the first Monday of the following relevant tax year by the same amount as any increase which would have applied if that additional pension benefit were a pension to which the Pensions (Increase) Act 1971 applied, and the beginning date for that pension were 1 July of the tax year immediately before the relevant tax year.
4. For the avoidance of doubt, the increase of additional pension benefit in the tax year 2010/11 must be increased by the same percentage as the percentage increase in the Consumer Prices Index in September 2010, with effect from Monday, 11 April, 2011.
5. The benefits referred to in Paragraph (1) are:-
  - (a) Any allowance or supplement to reward additional skills and responsibilities that are applied and maintained outside the requirements of the Firefighter's duties under the contract of employment but are within the wider functions of the job.
  - (b) The amount (if any) paid in respect of a Firefighter's continual professional development.
  - (c) The difference between the Firefighter's basic pay in his or her day to day role, and any pay received whilst on temporary promotion or where the Firefighter is temporarily required to undertake the duties of a higher role.
  - (d) Any performance related payment which is not consolidated into his or her standard pay.

6. In this rule 'additional pension benefit year' means the period of 12 months beginning with 1 July, in which the Firefighter is in receipt of any of the benefits listed in paragraph (5); 'The beginning date' means the date on which the pension is treated as beginning for the purposes of section 8(2) of the pensions (Increase) Act 1971; 'Following relevant tax year' means the tax year after the relevant tax year, in relation to which the member is not a pensioner member or entitled to a deferred pension under rule B5; 'Relevant tax year' means a tax year in relation to which:-
- (a) The amount of a Firefighter's pension benefits determined under this rule for the purposes of this scheme is taken into account for tax purposes, and
  - (b) The Firefighter is not in receipt of a pension under this Scheme or entitled to a deferred pension under Rule B5; and
  - (c) 'Tax year' means the period of 12 months beginning with 6 April.

**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD COMMITTEE**

AGENDA ITEM NO 9  
25 JUNE 2018

**REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES**

**THE PENSIONS REGULATOR – STATEMENT ‘MANAGING SERVICE PROVIDERS’**

**SUMMARY**

This report is to provide Members with a copy of the recently published Pensions Regulator’s Statement on ‘Managing Service Providers’. The report is for information only.

**RECOMMENDATION**

That Members accept the report and the information contained therein.

**1. BACKGROUND**

- 1.1 The Pensions Regulator (TPR) has issued a position statement on ‘Managing Service Providers’, which is attached to the report as Appendix 1.
- 1.2 The statement outlines the significant recent attention on companies providing outsourced services to government and industry, including pension schemes.
- 1.3 The statement summarises the Pension Regulator’s expectations of good practice by Trustees and Scheme Managers (the Fire & Rescue Authority), on the management of service providers, in the Fire & Rescue Authority’s case RCT Pensions, and planning for events which could have major consequences for their schemes, including the failure of service providers.

**2. ISSUES**

- 2.1 The Fire & Rescue Authority has a Service Level Agreement with RCT Pensions (currently under review) to provide the full administration of the Firefighters’ Pension Schemes. However, the Fire & Rescue Authority, as the Scheme Manager, ultimately are accountable for the running of the Schemes.
- 2.2 The statement provides guidance for Scheme Managers on managing the relationship with our Pension Administrators, ensuring risk management and business continuity planning, and how the Fire & Rescue Authority will resolve issues should they arise.

2.3 All of these factors will be addressed as part of the Service Level Agreement that is under review with RCT Pensions, the outcome of which will be reported to the Local Pension Board as part of the Forward Work Plan in October 2018.

### **3. FINANCIAL IMPLICATIONS**

3.1 There are no additional financial issues arising as a result of this report.

### **4. EQUALITY RISK ASSESSMENT**

4.1 There are no Equality Risk Assessment issues arising as a result of this report.

### **5. RECOMMENDATIONS**

5.1 That Members accept the report and the information contained therein.

<b>Contact Officer:</b>	<b>Background Papers:</b>
A/ACO Mark Malson Acting Director of People Services	Appendix 1 – The Pensions Regulator – Statement ‘Managing Service Providers’

## Statement

# Managing service providers

There has been significant recent attention on companies providing outsourced services to government and industry, including pension schemes.

This statement summarises our expectations of good practice by trustees and scheme managers on the management of service providers, and planning for events which could have major consequences for their schemes, including the failure of service providers.

## Managing commercial relationships

As trustees and scheme managers, you will often need to appoint service providers to your schemes to carry out specific tasks, such as administration, on your behalf. However, you remain ultimately accountable for the running of your scheme.

You must put sufficient controls in place around third party providers to make sure your scheme is well run, and keep enough oversight of the tasks you delegate to others, but that you remain accountable for. The ability to effectively manage commercial relationships is a key skill you should be able to demonstrate. You should:

- ▶ fully understand the scope of the roles and responsibilities being delegated to third parties
- ▶ carefully review the quality and suitability of service providers before you appoint them - you should consider multiple providers
- ▶ be confident that your service providers have the requisite skills, training and experience to deliver their services
- ▶ be confident that your service providers are operating in accordance with the legal obligations that you and they must meet - use service level agreements, require reports and regularly monitor the performance of your providers
- ▶ take steps to address areas of poor performance
- ▶ have procedures in place, and a clearly documented procedures manual, to enable a continuous and consistent service in the event of a change of provider, or provider failure

When reviewing the suitability of providers, you should consider relevant independent frameworks which provide evidence of the suitability of the provider. This can include ISO certification, or independent accreditation frameworks for specialist functions, such as administration.

You should be familiar with, and understand the effects of, the terms and conditions of contracts with service providers. This includes:

- ▶ the scope of services being provided
- ▶ the costs of those services
- ▶ the arrangements and procedures if the service provider is changed
- ▶ any limits on liability

## Risk management and business continuity planning

You need to make sure that arrangements are in place to manage risks that would have significant consequences for your scheme and members. This includes having a business continuity plan (BCP) in place, which sets out what actions would be taken if certain events occur that would affect the running of your scheme. The failure of a third party provider is such an event.

You should also understand your provider's business continuity arrangements, and be confident that they ease any risks to member data and benefits. Their plans should cover the winding-up of their business. Trustees may also wish to understand where the liability lies if processes are interrupted by a BCP event, or where a BCP fails in practice.

## Resolving issues

You should work with your service providers to address any areas of concern that you identify. If you're concerned about their performance, in most cases this can be resolved by requesting an improved level of service, and using any complaints or mediation processes detailed in your contracts.

If you're unable to resolve the concerns, you'll need to take account of issues such as risk, practical difficulties, and costs to members before making a decision to end a contract. You should be aware that cancelling particular contracts can take time, and have significant implications for resources and costs.

### Useful links

Code of Practice on DC schemes: [www.tpr.gov.uk/code13](http://www.tpr.gov.uk/code13) and administration guide: [www.tpr.gov.uk/admin](http://www.tpr.gov.uk/admin)

Code of Practice on Internal Controls: [www.tpr.gov.uk/code9](http://www.tpr.gov.uk/code9) and guidance: [www.tpr.gov.uk/controls](http://www.tpr.gov.uk/controls)

21 Century Trusteeship: [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee)

**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD COMMITTEE  
REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES**

AGENDA ITEM NO 10  
25 JUNE 2018

**SURVEY OF FRA LOCAL PENSION BOARDS (ENGLAND) 2017**

**SUMMARY**

This report is to provide Members with information on the recently published report on the Survey of FRA Local Pension Boards (England) 2017.

In order to place some context to the survey the report provides some comparison for Members on the key findings of the survey.

**RECOMMENDATION**

That Members accept the report and the information contained there.

**1. BACKGROUND**

- 1.1 Regulation 4A of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, required Fire & Rescue Services to establish Local Pension Boards by 1 April, 2015, to assist them in the effective administration and governance of the Scheme.
- 1.2 The Scheme Advisory Board (England), given the passage of time, considered it appropriate and timely to test the effectiveness and operational efficiency of the role and function of the Local Pension Boards, and their interaction with their Scheme Managers.
- 1.3 A web based survey was issued with the aim of enabling the Scheme Advisory Board (England) to identify any areas of the legislation or related guidance affecting Local Pension Boards that may need to be reviewed to ensure the statutory requirements of the 2015 Regulations were being met.
- 1.4 The survey was not issued for completion to the Fire & Rescue Authorities in Wales, therefore, a return was not made. Although Members will note that one of the participants in the survey was Mid & West Wales FRA.

**2. ISSUES**

- 2.1 A full copy of the Survey of FRA Local Pension Boards (England) 2017 report is attached at Appendix 1 for Members information.

2.2 In order to place some context to the survey, and report to the South Wales Fire & Rescue Authority (SWFRS), Local Pension Board (LPB), some key comparison are detailed below:-

### 2.3 Key Documents & Processes

2.3.1 The SWFRS, LPB has in place the following key documents:-

- Terms of Reference – There is a formal Terms of Reference document, attached to the report as Appendix 2.
- Conflict of Interest Register – Declarations of interest are made at the commencement of all Local Pension Board meetings. There is no formal register. To date there have been conflicts of interest registered. A formal register has been drafted and will be held by the ACO People Services, which is attached to the report as Appendix 3.
- Register of breaches – There is no formal register. However, there has been only one breach that was reported directly to the Pensions Regulator, and formally reported to the Local Pension Board, and the Fire & Rescue Authority. A formal register has been drafted and will be held by the ACO People Services, which is attached to the report as Appendix 4.
- Risk Register – There is a formal Risk Register, which is attached to the report as Appendix 5.
- Programme of Knowledge – There is formal Training Plan & Framework, which is attached to the report as Appendix 6.

### 2.4 Board Communications

2.4.1 There is no formal Local Pension Board dedicated pages on the Services website or intranet. Work is in progress to address this issue, along with a wider pension's web-based page. A formal presentation of the web-page will be made at the Local Pension Board meeting in January 2019. Members should note that all Local Pension Board agendas and minutes are published via the Fire & Rescue Authority reporting process, and available both internally and externally.

2.4.2 There is a formal Forward Work Programme in place, and agreed with the Chair of the Local Pension Board, and is attached at the end of this meeting's agenda, and at every meeting.

## **2.5 Board Meetings**

2.5.1 The Local Pension Board, as part of its Terms of Reference, meets three times per Municipal Year:- July, October, and February. These may vary due to Committee cycles and the Fire & Rescue Authority Annual General Meeting.

## **2.6 Board Membership**

2.6.1 Membership of the Board is defined in regulation 4B of the Firefighters' Pension (Amendment) (Governance) Regulations 2015: 'A Local Pension Board must include an equal number, which is no less than 4 in total, of employer representatives and member representatives'.

2.6.2 The SWFRS, LPB Terms of Reference set out membership as 4 employer representatives, 4 scheme member representatives, and 1 independent member selected by the Scheme Manager (Fire & Rescue Authority). The Chair of the Local Pension Board must be the Fire & Rescue Authority Deputy Chairperson.

2.6.3 Under the Terms of Reference for any meeting of the Local Pension Board states that in order to be quorate the Chair must attend the meeting, and at least half the attendees must be scheme member representatives. On all occasions since its inception the Local Pension Board has been quorate.

## **2.7 Scheme Governance**

2.7.1 The Local Pension Board is constituted and functioning in accord with the legislation and the guidance provided via the Scheme Advisory Board (Wales), and Welsh Government. There are in the main three areas of concern that should be noted by the Local Pension Board Members.

2.7.2 The first is to ensure consistent attendance at the Local Pension Board meetings. The second is the potential turnover of Local Pension Board membership and the requirement to maintain knowledge, understanding and key skills up to date. The third is the expectations placed on Members to attend training events provided in order to maintain these key skills.

2.7.3 The survey also identifies that Local Pension Boards should have positive engagement with their Pensions Administrator (RCT Pensions), with the Administrator attending one or more meetings of the Local Pension Board. To date this has not been undertaken,

but has now been factored in to the Forward Work Programme for January 2019.

### **3. FINANCIAL IMPLICATIONS**

3.1 There are no additional financial issues arising as a result of this report.

### **4. EQUALITY RISK ASSESSMENT**

4.1 There are no Equality Risk Assessment issues arising as a result of this report.

### **5. RECOMMENDATIONS**

5.1 That Members accept the report and the information contained therein.

<b>Contact Officer:</b> A/ACO Mark Malson Acting Director of People Services	<b>Background Papers:</b> Survey of FRA Local Pension Boards (England) 2017
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# Report

## Survey of FRA Local Pension Boards 2017

February 2018

Research Report

**Prepared for the Firefighters' Pensions (England) Scheme Advisory Board.**

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## 1. Executive Summary

The survey invitation was issued by email to all relevant FRA and LPB contacts and was in the field from 28 November 2017 to 26 January 2018. During that time 37 total responses were received from 32 of the 44 FRAs, equating to an overall response rate of almost 73%.

### 1.1 Board meetings

All local pension boards responding to the survey have held their first meetings, with the majority taking place between July and October 2015. Over half (54%) of boards are required to meet twice annually, and none have agreed to meet more than four times per year.

The majority (81%) of boards have held between four and eight meetings since establishment and around three-quarters (76%) have held a number of meetings since their initial meeting which is consistent with the number per year defined in their Terms of Reference, within a tolerance of +/- two.

Board chairs were responsible for agreeing meeting agendas in over half (57%) of the responses received, and with meetings in 86% of cases not including voting as a regular feature.

### 1.2 Board membership

All boards (100%) have the minimum required equal number of employer and employee representatives, with almost two-thirds (62%) of respondents confirming that they operate with two of each, equating to four in total.

Overall, only 11% of boards have reported as a meeting as not being quorate, therefore it can be surmised that the number of members on a board does not directly affect quorum.

The board chair is most likely to be elected by board members (60%), with almost one-quarter (22%) being chosen by the scheme manager. The least popular (5%) method of selection is recruited competition. A high proportion (87%) of chairs are also board members, with four-fifths of the 14% of independent chairs being recruited by competition or other means.

Board chairs and members are not commonly remunerated for their roles, with only 8% of respondents confirming that regular payments are made. 84% of chairs and 89% of other board members are not remunerated. However, expenses are paid to over half (57%) of boards, and over three-quarters (78%) of employee representatives are granted facility time to attend meetings.

### 1.3 Key documents/ processes

Almost three-quarters of boards have all key documents and processes in place to enable efficient and effective scheme governance and all processes were evaluated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process.

**Table 1.3.1 – Presence and evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

## 1.4 Scheme governance

The majority (92%) of boards are compliant with guidance issued by the SAB, with one board commenting that increased knowledge and understanding would help to ensure compliance.

Themes relating to good governance where boards were asked to comment on areas that are working well include joint working and collaboration, ability to monitor compliance, and an increased awareness of issues affecting the Firefighters' Pension Schemes. Areas that could be improved, which are potential risks to boards, are the implementation of breach and risk registers high turnover of board membership and the associated maintenance of knowledge and understanding.

Lack of consistency in response to the questions concerning the role and delegation of the scheme manager highlighted that there may be uncertainty around this issue, or that the wording of the questions lacked clarity. Almost one quarter (24%) of boards listed the FRA as scheme manager, yet 95% confirmed that there is an effective delegation in place and rated the management of the delegation as 8.1 out of 10.

Generally the interaction of the scheme manager with the board and the board's ability to highlight areas of non-compliance and make recommendations was rated as good (seven and above), and administrator engagement was also high, with 86% attending a board meeting in any capacity.

Around one-third (35%) of boards have identified a breach of law within the last 12 months.

**Table 1.4.1 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards suggested that working relationships could be improved by better communication, provision of reports and more clarity on roles and responsibilities. Comments on new governance requirements focussed mainly on the perceived complexity of the arrangements, as being disproportionate to the unfunded nature of the scheme and lack of decision making responsibility, though there were some positive comments on improvements to the management and administration of the schemes.

## 1.5 Board communications

Almost two-thirds (65%) of boards have dedicated pages on the associated Fire & Rescue Service website or intranet, with 75% confirming that meeting documentation is published to a dedicated board page.

Nearly half (49%) of FPS boards have a workplan compared to 86% of LGPS boards, and a slightly lower percentage (41%) produce an annual report. Boards are unlikely to tangibly measure their progress, as just under one-quarter (24%) have agreed success measures of Key Performance Indicators (KPIs) in place.

## 1.6 Board budget

Almost one in four (24%) boards have control of a budget, and 22% of these boards use the budget to remunerate their chair.

All boards with a budget can use it to access independent external advice. As expected there was a high percentage (60%) of not applicable responses, which reflect the 68% of boards without control of a budget. The majority (87%) of boards do, however, have access to internal and external audit reports,

## 2. Introduction

[Regulation 4A](#) of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 required Fire and Rescue Authorities (FRAs) to establish local pension boards by 1 April 2015 to assist them in the effective administration and governance of the scheme.

Given the passage of time since the establishment of local pension boards, the Scheme Advisory Board considered that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of the 44 local pension boards and interaction with their scheme manager.

A web based survey was issued with the aim of enabling the Scheme Advisory Board to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2015 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, based on the responses, the Board have the ability to make recommendations to the Home Office for any regulatory changes that are considered necessary.

## 3. Methodology

The survey was designed by the Scheme Advisory Board secretariat in conjunction with the [Local Pension Board Effectiveness Committee](#) (the "Committee"), based on an equivalent survey of local pension boards in the Local Government Pension Scheme (LGPS). A list of questions is attached at Annex A.

All relevant stakeholders were invited by email to participate in the survey and, to ensure impartiality, the link to the survey was sent separately to FRA scheme managers, practitioners, and their local pension board who were welcomed to complete the same survey independently. However, scheme managers and their local pension board were not excluded from collaborating on their respective responses where this was agreed locally.

The link to the survey was circulated to other interested bodies, including relevant government departments, and advertised nationally on the Scheme Advisory Board website, with FRAs also invited to publicise the survey locally on their websites.

### 3.1 Fieldwork

The survey was issued on 28 November 2017 for a minimum period of six weeks. A reminder was sent on 8 January 2018 with confirmation of the closing date as 26 January 2018, allowing the summary responses to be discussed at the meeting of the Committee on 31 January 2018.

Three responses were received after the closing date, but have not been considered in the analysis of the results.

37 responses were received from 32 of the 44 FRAs, equating to response rate of almost 73%. The information collected has been aggregated and no responses have been attributed to individual authorities within this report. A list of FRAs that completed the survey is attached at Annex B.

Throughout the report percentages in figures and tables may equate to more or less than 100 per cent due to rounding

### 3.2 Respondent profile

Almost 65% of completed surveys were submitted by local pension board members in either an individual or joint capacity. Scheme managers accounted for 11%, with pension advisors/ administrators completing in 16% of cases. Half of the latter group (8%) acknowledged that the survey had been completed in conjunction, or following consultation, with board members.

**Table 3.2.1 – Capacity in which survey completed**

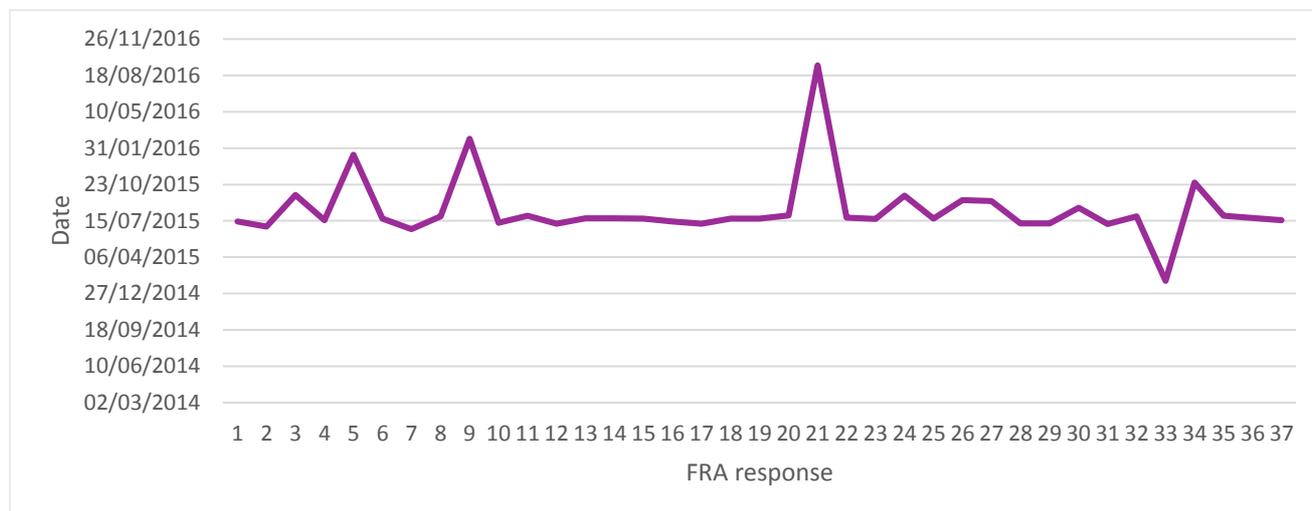
Role	Total (Percentage)
LPB employer representative	18.92
Pension adviser/ administrator	16.22
Joint response	16.22
LPB chair	13.51
Scheme manager	10.81
LPB lead contact	8.11
LPB employee representative	8.11
Other	8.11

## 4. Research findings

### 4.1 Board meetings

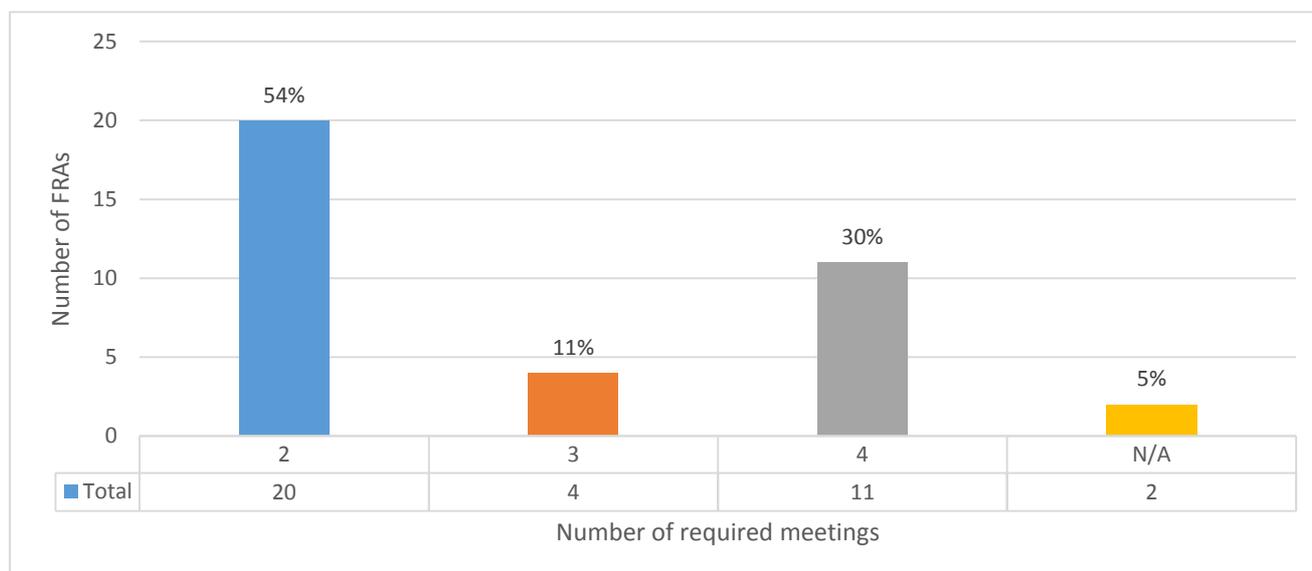
All initial local pension board meetings were held between 31 January 2015 and 15 September 2016.

**Figure 4.1.1 – Date of first board meeting.**

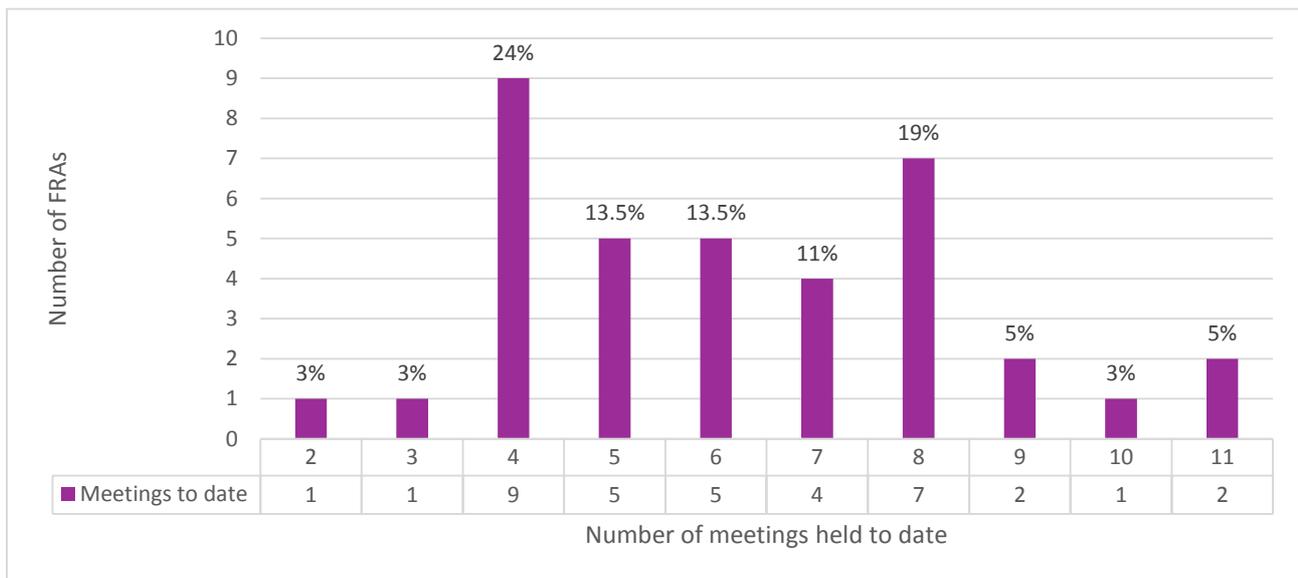


Over half (54%) of all boards are required to meet twice annually, with 11% meeting three times per year and 30% meeting quarterly or four times. One board does not have a requisite number of meetings specified in their terms of reference.

**Figure 4.1.2 – Number of times per year the board is required to meet.**

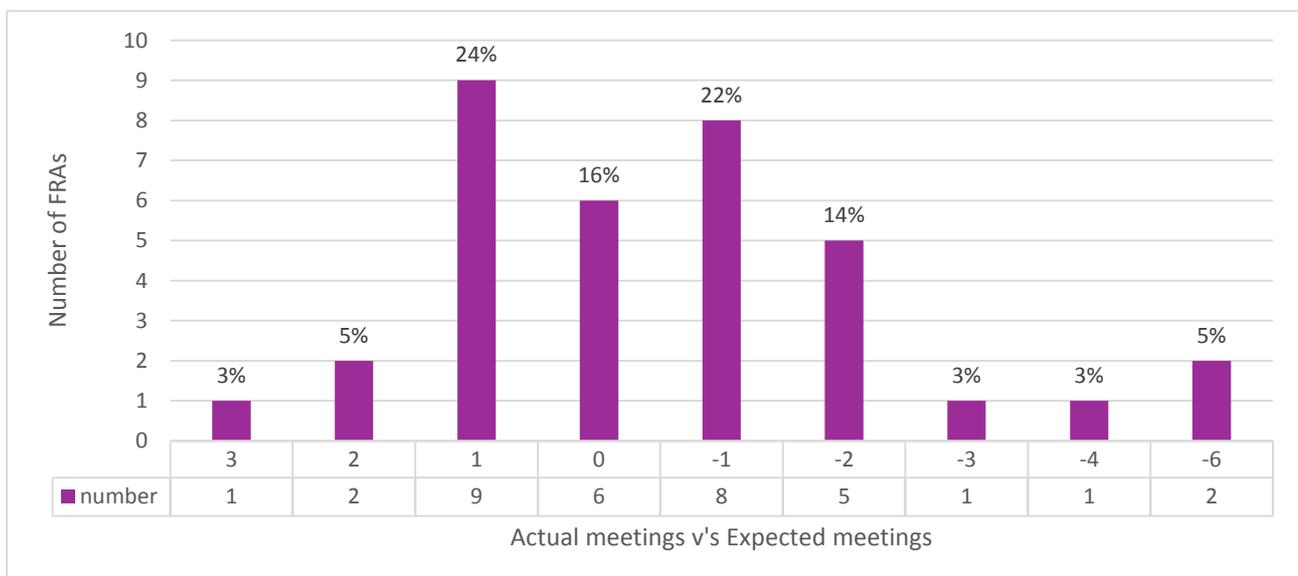


The number of meetings held to date ranged from two to eleven, with the majority (81%) of boards holding between four and eight meetings in total since their first meeting.

**Figure 4.1.3 – Number of meetings held to date.**

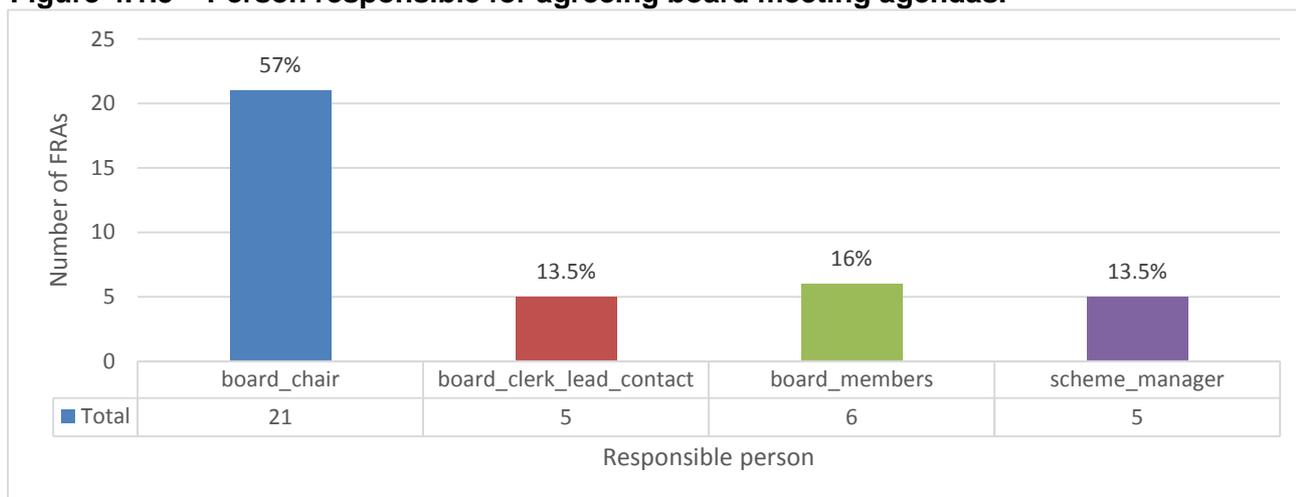
From comparing the results above, it has been possible to establish whether boards have achieved the number of meetings specified in their terms of reference, by plotting the number of required meetings against the actual meetings that have taken place, since the date of the first meeting.

In general, the number of meetings required was consistent with the number that have taken place, within a reasonable tolerance of between -2 and +2 (76% of respondents). A smaller percentage of boards (19%) fell outside of this range.

**Figure 4.1.4 – Actual number of meetings v's expected number of meetings**

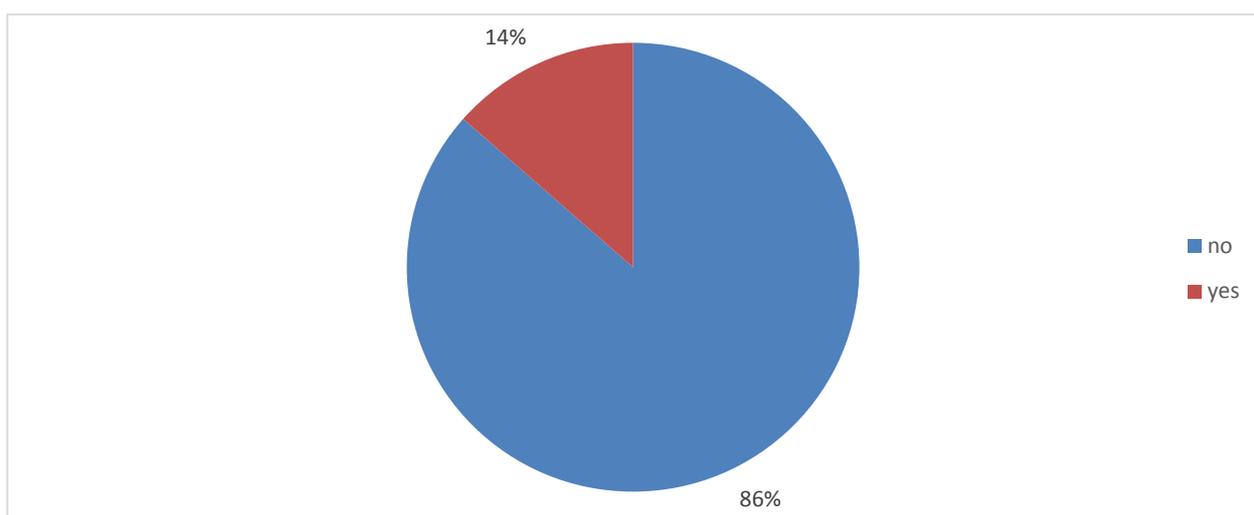
The board chair is responsible for agreeing the meeting agendas in over half (57%) of the responses received. There was a fairly even split between the remaining options listed in the drop down box: board clerk/ lead contact (13.5%); board members (16%); and scheme manager (13.5%).

**Figure 4.1.5 – Person responsible for agreeing board meeting agendas.**



Voting is not a regular feature of local pension board meetings, as confirmed by 86% of respondents.

**Figure 4.1.6 – Proportion of boards with voting as a regular feature of meetings.**

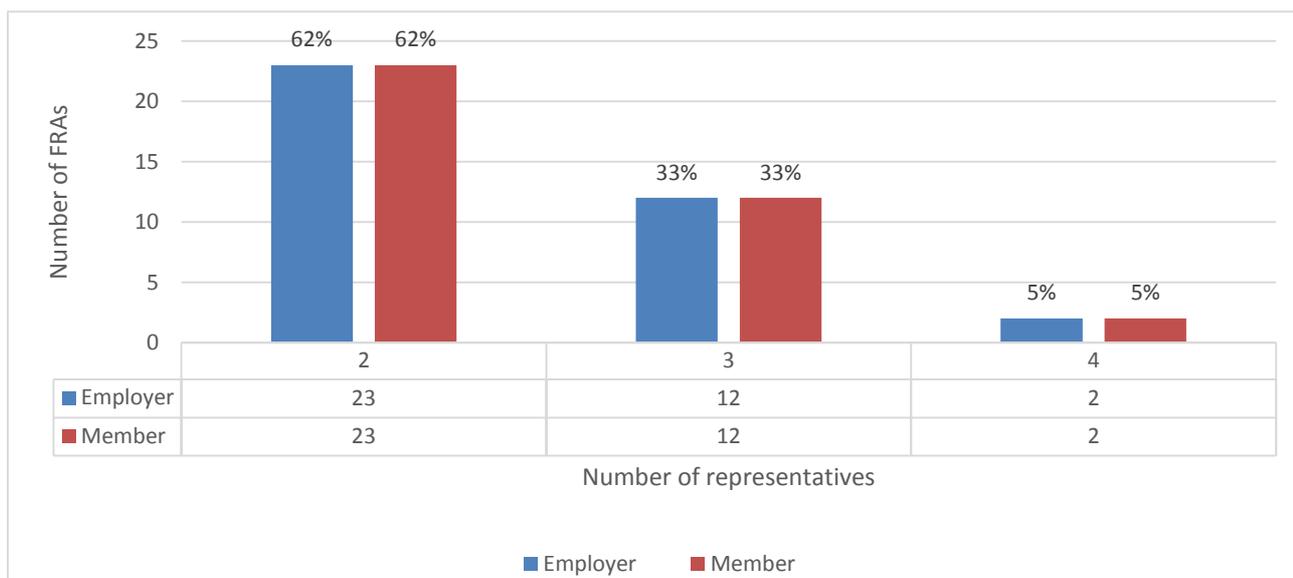


## 4.2 Board membership

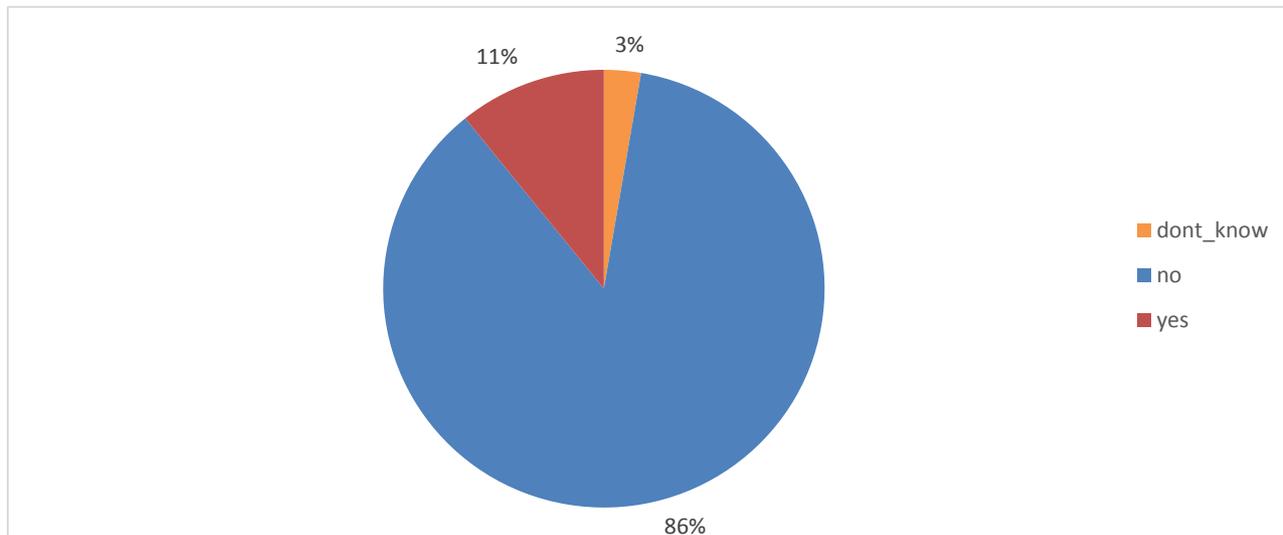
Membership of the board is defined in [regulation 4B](#) of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015:

“A local pension board must include an equal number, which is no less than 4 in total, of employer representatives and member representatives...”

All of the respondents to the survey are compliant with this provision, with numbers ranging from two to four employer and employer (member) representatives in equal quantity. The majority of boards (62%) have elected to proceed with the minimum required number of two representatives in each category.

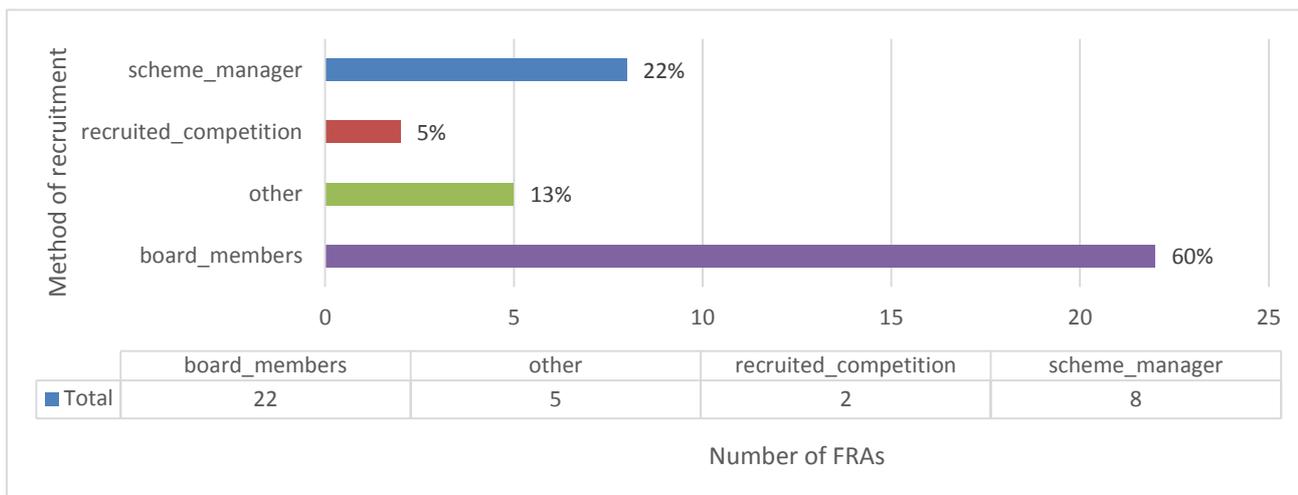
**Figure 4.2.1 – Composition of the boards.**

Each board's Terms of Reference should specify a quorum for meetings and in particular whether that quorum should include a minimum number of employer and member representatives. According to the survey results, 11% of boards have held a meeting which was not quorate, 86% indicated that their board meetings have always been quorate and 3% did not know. There is no direct correlation between the number of members on a board and the likelihood of a meeting being quorate or not.

**Figure 4.1.5 – Have any board meetings not been quorate (proportion).**

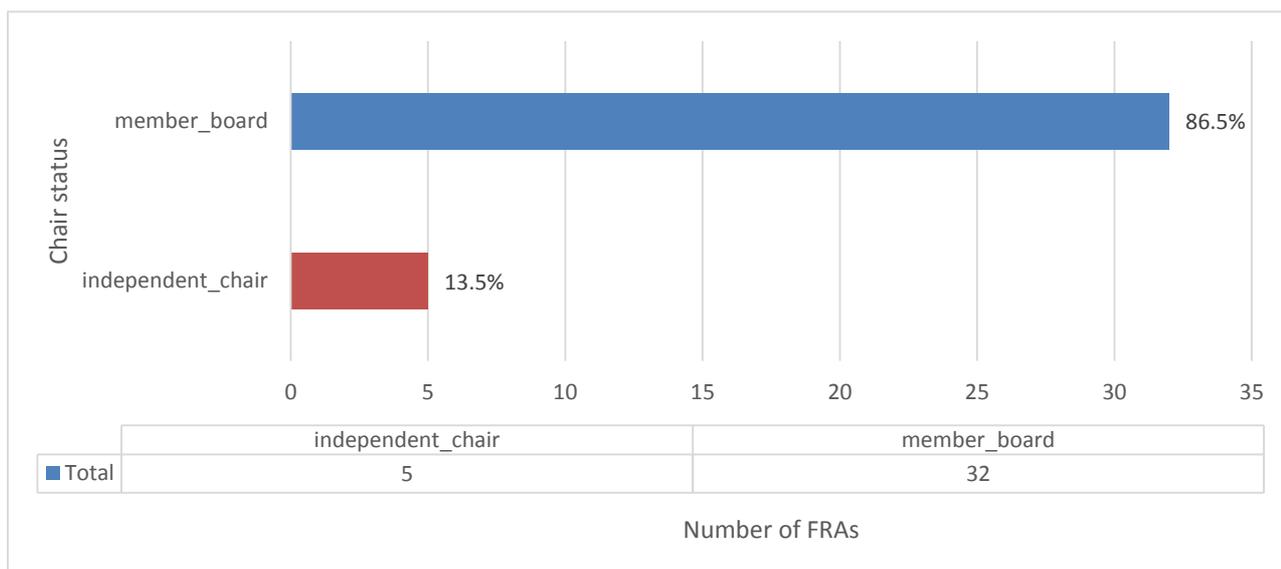
In 60% of responses, the chair of the board was elected by the board members, with 22% of scheme managers electing a chair. Only 5% of chairs were appointed following a recruitment competition, with the remaining respondents (13%) indicating that the chair was elected by other means.

**Figure 4.2.2 – Recruitment of board chair.**

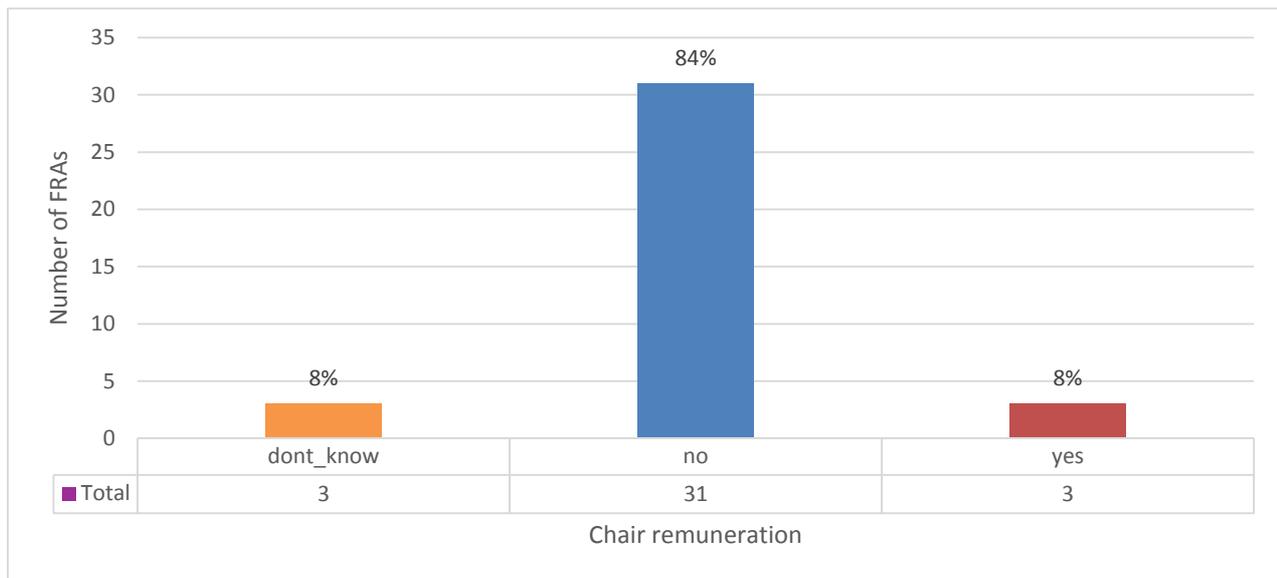


The majority of board chairs (86.5%) are also active members of the board, while the remaining 13.5% are independent chairs. There is some correlation between the status of the chair and the method of recruitment, with four of the five boards with an independent board chair stating that recruitment was carried out via competition or other means.

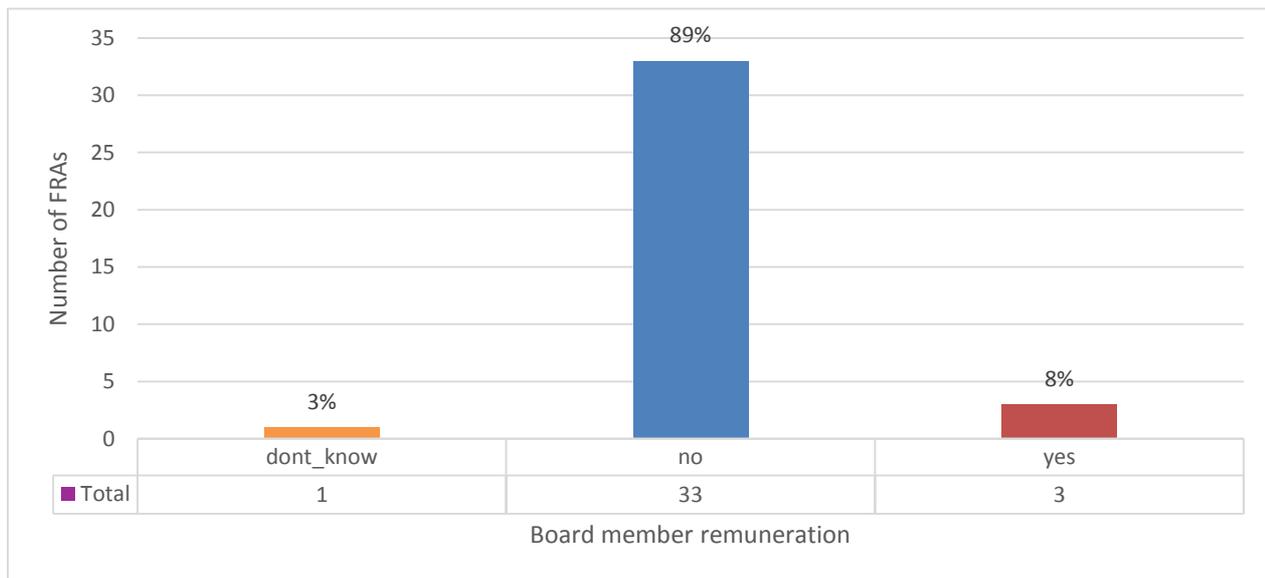
**Figure 4.2.3 – Status of board chair.**



There was, however, no evidence that the status of the board chair impacted on whether they receive remuneration for the role. Almost 84% of chairs receive no remuneration, 8% are paid, and 8% of respondents did not know whether the chair receives payment or not.

**Figure 4.2.4 – Remuneration of board chair.**

The three boards (8%) with a paid chair also remunerate other members of the board. A higher percentage (89%), of respondents indicated that other board members do not receive payment compared to the chair role and the remaining 3% did not know.

**Figure 4.2.5 – Remuneration of board members.**

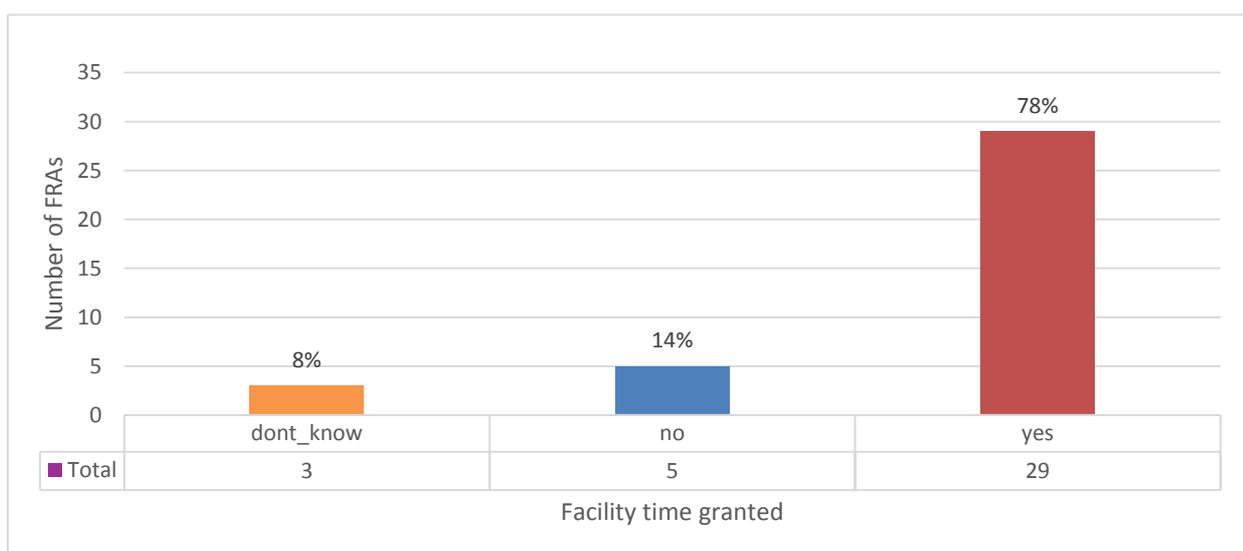
While remuneration is not common, over half (57%) of the completed surveys indicated that expenses are paid to board members. However, 40% do not pay expenses and 3% did not know whether expenses were paid.

**Figure 4.2.6 – Board member expenses.**

The wording of the question concerning ‘facility time’ was generally deemed to be confusing by the Committee, as the terminology is specific to trade union bodies. The intention of the question was to determine whether board members were given the appropriate support, which might be in terms of time, in order to be able to fulfil the requirements of the regulations [[Regulation 4B\(2\)\(a\) and \(b\)](#)] that a member should have ‘capacity’ to represent scheme members/ employers. This point is reiterated in the [LPB guidance](#) at paragraph 2.16:

*2.16 It will be important to appoint members who have the relevant experience as well as time to commit to attending meetings and effectively representing employers and members (as appropriate).*

It is unclear whether any uncertainty in relation to the question affected the results. A high proportion (78%) of boards indicated that facility time was given by the scheme manager to employee representatives of the board, while just under a quarter of respondents answered no (14%) or don’t know (8%).

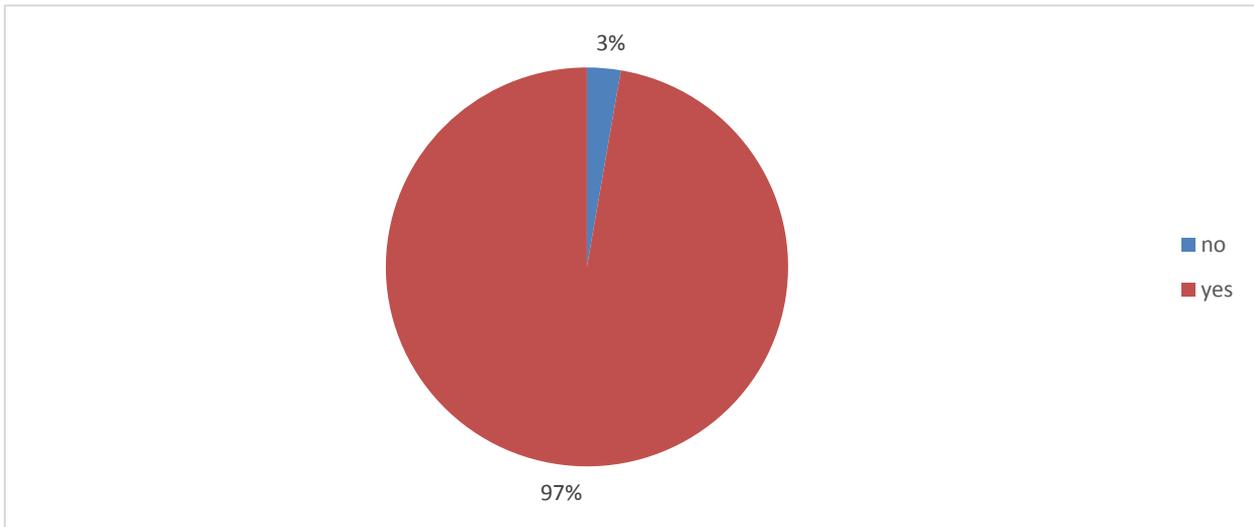
**Figure 4.2.7 – Facility time given to employee representatives.**

### 4.3 Key documents/ processes

100% of boards confirmed that they have a Terms of Reference in place. Where these have been made available to the Scheme Advisory Board secretariat, they have been uploaded to the dedicated local pension board section of the Board website [www.fpsboard.org](http://www.fpsboard.org).

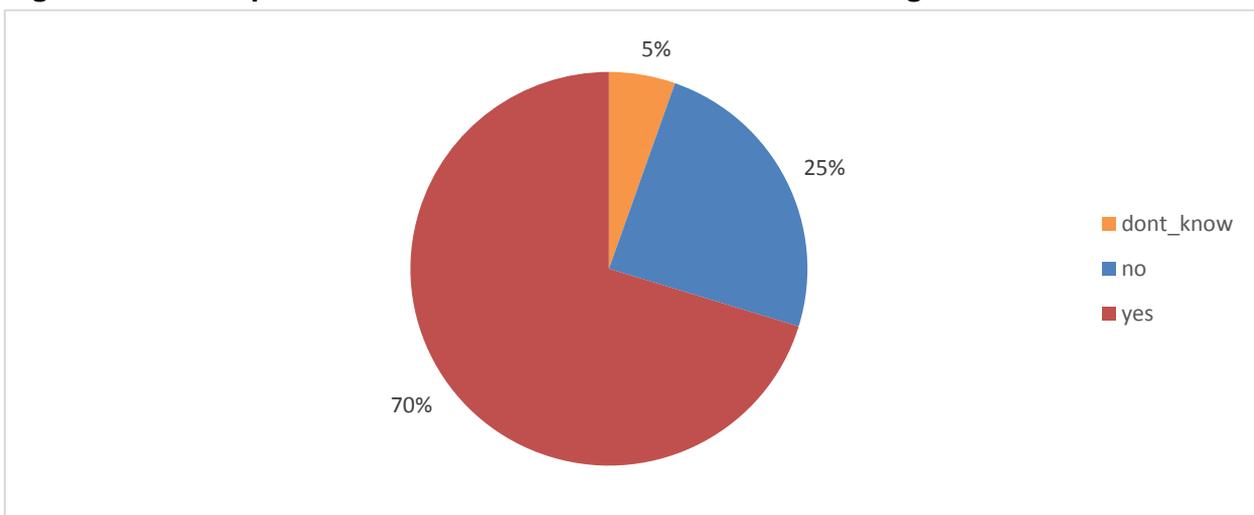
A high proportion (97%) of boards also hold a conflict of interest register, with just one respondent (3%) indicating that no register of conflicts exists.

**Figure 4.3.1 – Proportion of boards with a conflict of interest register.**



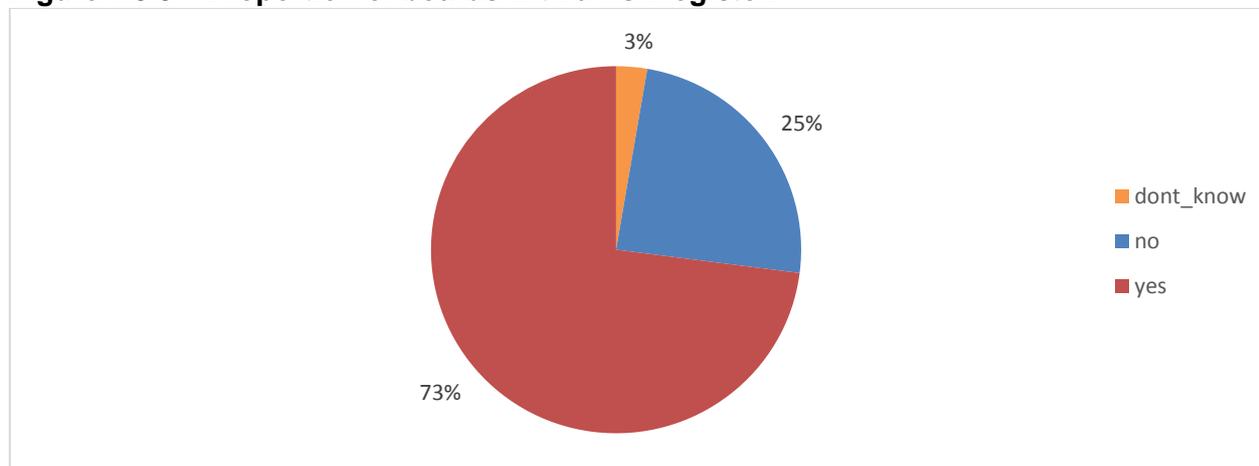
Around 70% of boards keep a register of breaches of the law, with one-quarter (25%) having no register of breaches in places, and 5% responding that they did not know.

**Figure 4.3.2 – Proportion of boards with a breaches of the law register.**



A similar response rate was noted concerning risk registers. A slightly higher percentage of boards have a risk register, at 73%. One-quarter (25%) have no register to record and measure scheme risk, and 3% did not know. A template risk register is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

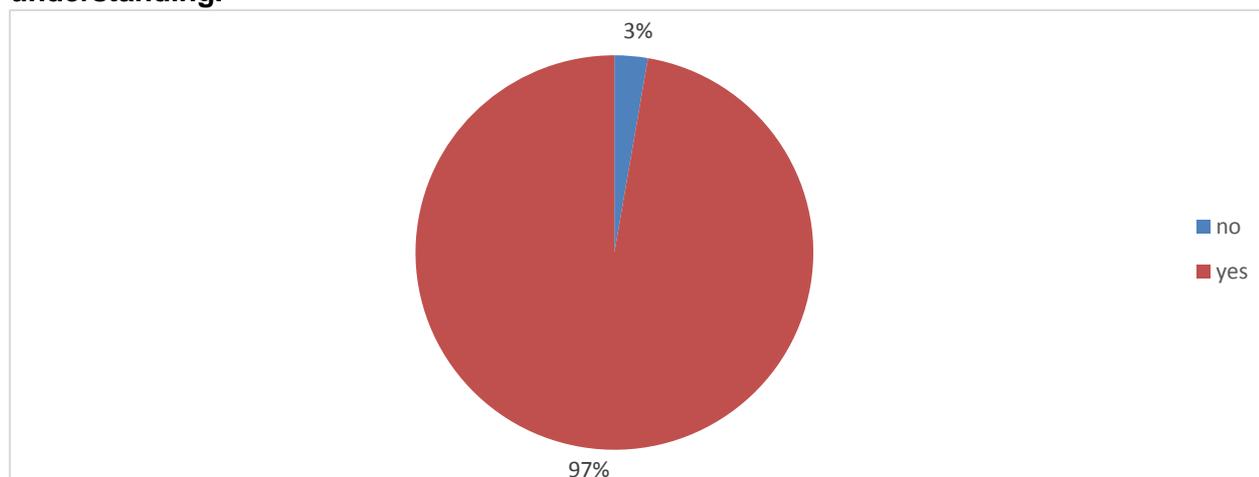
**Figure 4.3.3 – Proportion of boards with a risk register.**



The responses concerning the key documents are considered by the Committee to be very positive, and these results will be compared to the outcomes of the annual TPR Governance and Administration survey when that research is published later in the year.

In terms of key processes, the majority of boards (97%) confirmed that there is a training programme in place for board members to acquire knowledge and understanding, with only one board (3%) having no arrangement in place. A variety of training was detailed as having been completed in the free text responses, focussing mainly on the TPR toolkit and sessions provided by the LGA Firefighters' Pension Adviser.

**Figure 4.3.4 – Proportion of boards with a programme for members to obtain knowledge and understanding.**



Schemes were asked to evaluate their key documents and processes using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). All processes were rated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process. However, the programme for board members to acquire knowledge and understanding is not consistent with this trend.

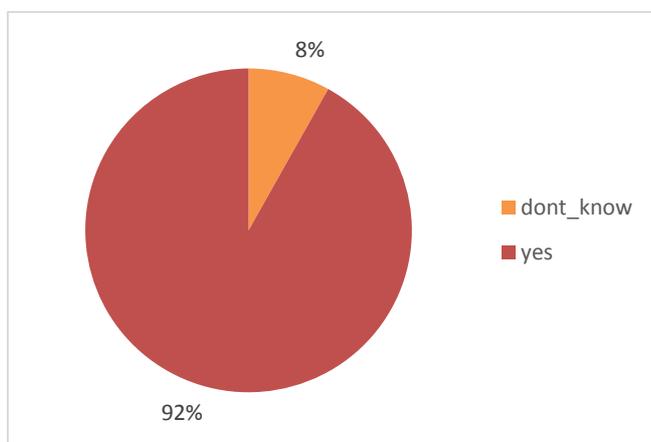
**Table 4.3.5 – Evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

#### 4.4 Scheme governance

Almost all boards (92%) are compliant with guidance issued by the Scheme Advisory Board. There were no negative responses; the remaining 8% did not know. Comments were also invited where the board was non-compliant, with three free text responses being recorded.

**Figure 4.4.1 – Compliance with SAB guidance.**



**Table 4.4.2 – Comments on compliance.**

Comments
The knowledge and understanding of Board members could be better, this knowledge will help to ensure compliance.
The scheme board considers notifications from the Scheme Advisory Board.
There have been no breaches, however a formal breaches register has not been set up. There is a corporate risk register, however, pensions is not currently covered by the register.

Respondents were asked to give three examples of where they felt the board is working well and three examples where they felt the board could improve what it does. Full details of the responses are attached at Annex C and D respectively, however, the following key themes were identified and have been summarised below. Interestingly some themes were common across both sets of responses.

**Table 4.4.3 – Key themes relating to boards working well.**

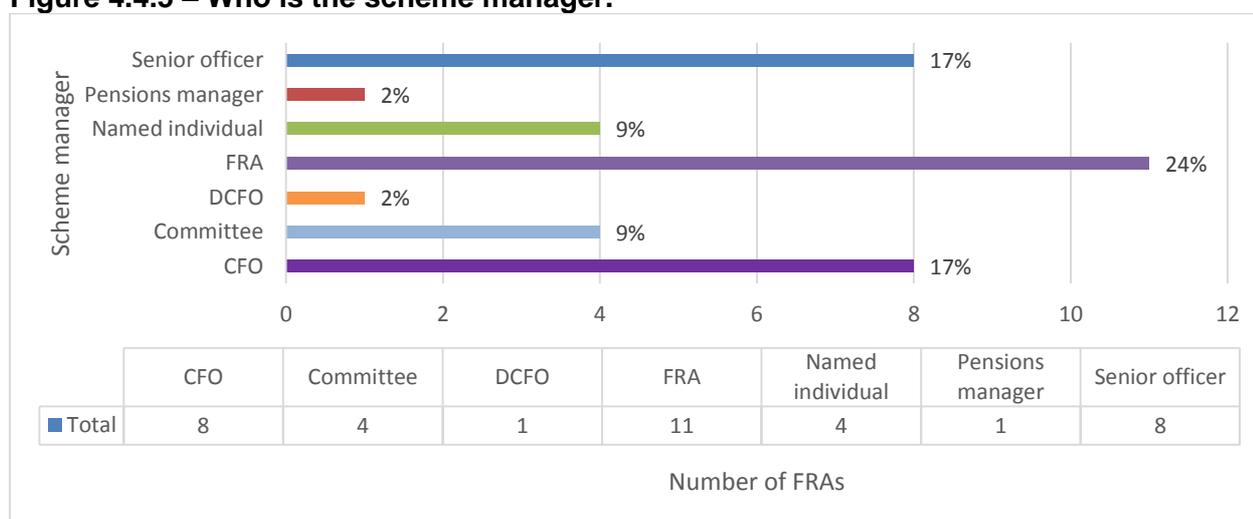
Joint working and collaboration; positive engagement between scheme manager and board.
Good attendance and regular meetings.
Implementation of key documents: risk and breach registers, action plans and training logs.
Increased awareness of issues affecting the FPS.
Performance and annual reporting.
Improved scheme communications.
Ability to monitor compliance.

**Table 4.4.4 – Key themes relating to areas for improvement.**

Implementation and publication of key documents: risk and breach registers.
Turnover of board members and subsequently keeping skills up to date.
Formation of joint i.e. regional boards.
Training.
Increase profile of board within organisation.
Increase number of board members.
Scheme manager communication/ engagement and attendance at meetings.

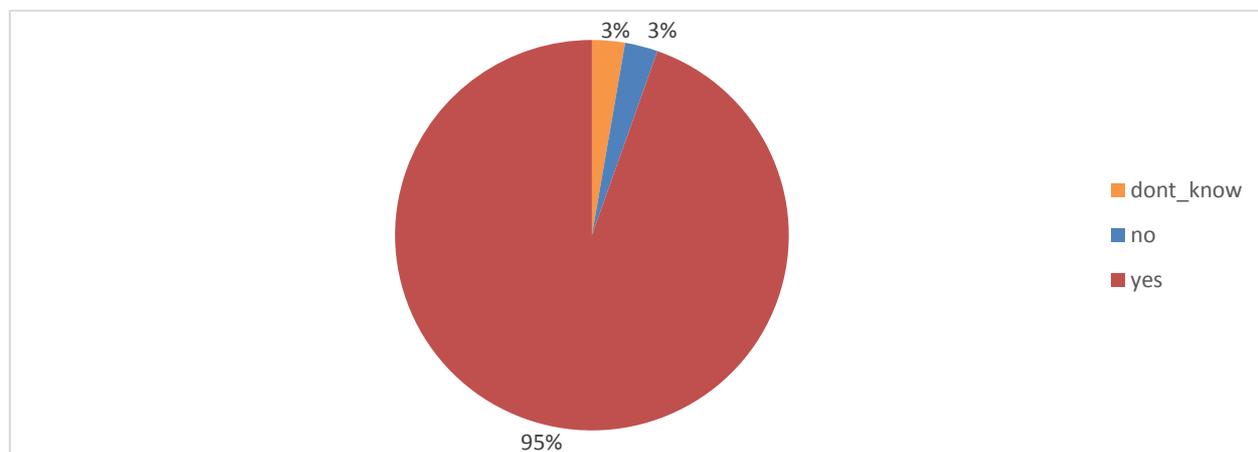
Lack of consistency in response to the questions relating to the role and delegation of the scheme manager highlighted to the Committee that there remains possible confusion among boards around this issue, or that the questions were poorly worded.

Almost a quarter of boards (24%) listed the FRA as the scheme manager, which is consistent with the definition in the regulations. However, the expectation is that this responsibility is generally delegated to another individual in a senior position within the Authority. This was the case over a third (36%) of the total responses, while the remaining FRAs have delegated the scheme manager role to a committee (9%) or the response specified a named individual (9%). The pensions manager was listed as scheme manager by only one board (2%).

**Figure 4.4.5 – Who is the scheme manager.**

The majority of boards (95%) confirmed that there is an effective delegation of the scheme manager in place, yet this is inconsistent with the responses in Figure 4.4.5 which show that the responsibility has not been delegated by the FRA in 24% of cases. A small percentage of boards answered no (3%) or don't know (3%).

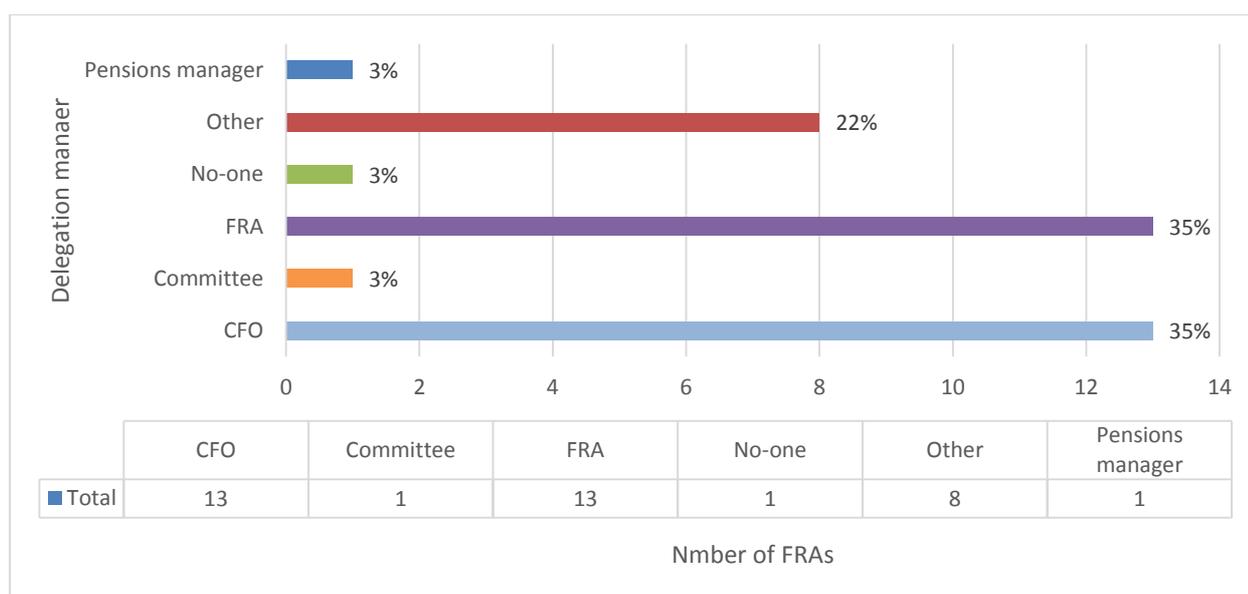
**Figure 4.4.6 – Proportion of boards with an effective delegation of the scheme manager in place.**



Almost three quarters of all boards responded that the delegation is managed by either the FRA (35%) or the Chief Fire Officer (35%), with nearly a further quarter (22%) naming another senior position within the Authority, which have been amalgamated as 'other' in Figure 4.4.7. One board (3%) stated that no-one manages the delegation, which is consistent with the response above, and the remainder listed the pensions manager (3%), or a committee (3%).

Over one quarter (27%) of the respondents listed the same individual or committee as the scheme manager **and** the manager of the delegation. Respondents were also asked to evaluate the management of the delegation using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). A mean score of 8.1 was returned.

**Figure 4.4.7 – Who manages the scheme manager delegation.**



Schemes were asked to evaluate the interaction between the scheme manager and the board, and the ability of the board to identify non-compliance and recommend further action, using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). While all ratings are positive, with a mean score of over 7 in each category, the board's ability to identify non-compliance is reflective of Table 4.3.5 which shows a lower proportion of boards with a breaches and risk register in place than other key documents.

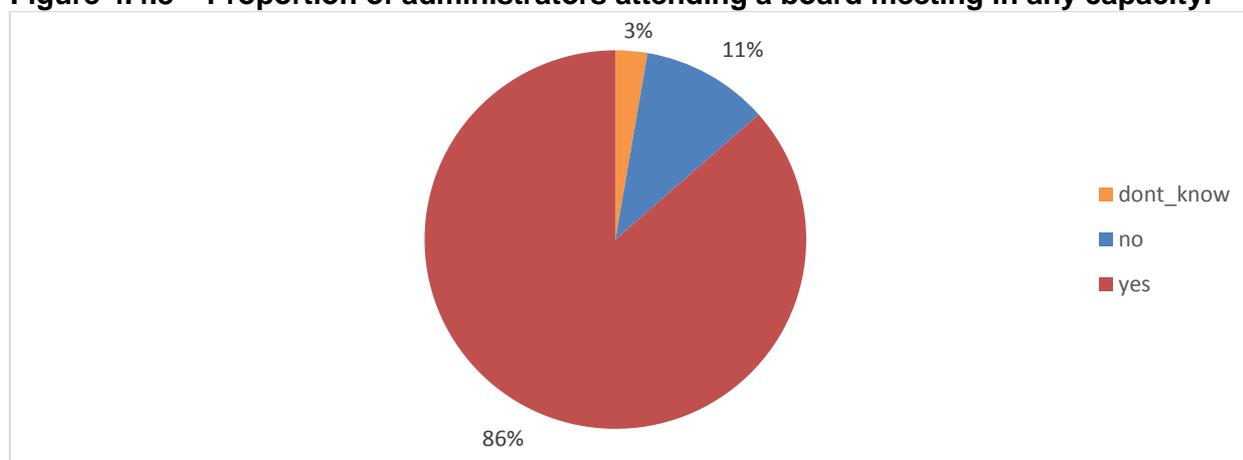
**Table 4.4.8 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards also reported positive engagement of the administrator with the local pension board, with the administrator attending one or more meeting in 86% of responses. Of the remaining 14%, 11% of administrators had not attended a meeting in any capacity and 3% of boards did not know.

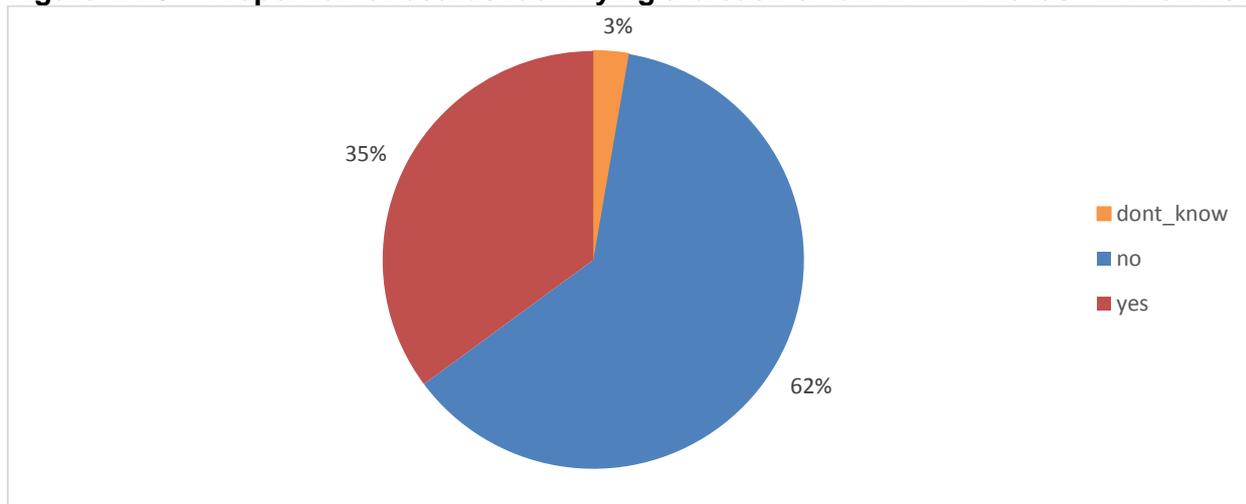
While it may not be appropriate or relevant for the administrator to be invited to all board meetings, it could be reasonably expected that they would provide an update report for discussion.

**Figure 4.4.8 – Proportion of administrators attending a board meeting in any capacity.**



Over a third (35%) of boards stated that a breach of the law had been identified within the last 12 months, with just under two-thirds (62%) stating that no breaches were identified. The question did not specify whether any breach identified was of material significance or not.

The Committee agreed that there is confusion among boards on what constitutes a material breach and is in the process of developing a breach assessment template which will help boards both identify and record/ report breaches.

**Figure 4.4.9 – Proportion of boards identifying a breach of law within the last 12 months.**

Boards were asked to describe ways in which they think the working relationship between the scheme manager, Fire and Rescue Authority could be improved and comment on any other aspect of the new governance arrangements that they considered to be relevant

This was captured verbatim and full details of the responses are attached at Annex E and F respectively. The following key themes were identified and have been summarised below. While the majority of comments received relating to the new governance arrangements considered them to be overly complex and onerous, considering the unfunded nature of the FPS, other boards felt that the establishment of the Scheme Advisory Board and increasing support from the LGA has had a positive impact on the administration of the scheme.

**Table 4.4.10 – Key themes relating to improving working relationships.**

Better communication.
Provision of reports.
More clarity on roles/ responsibilities.

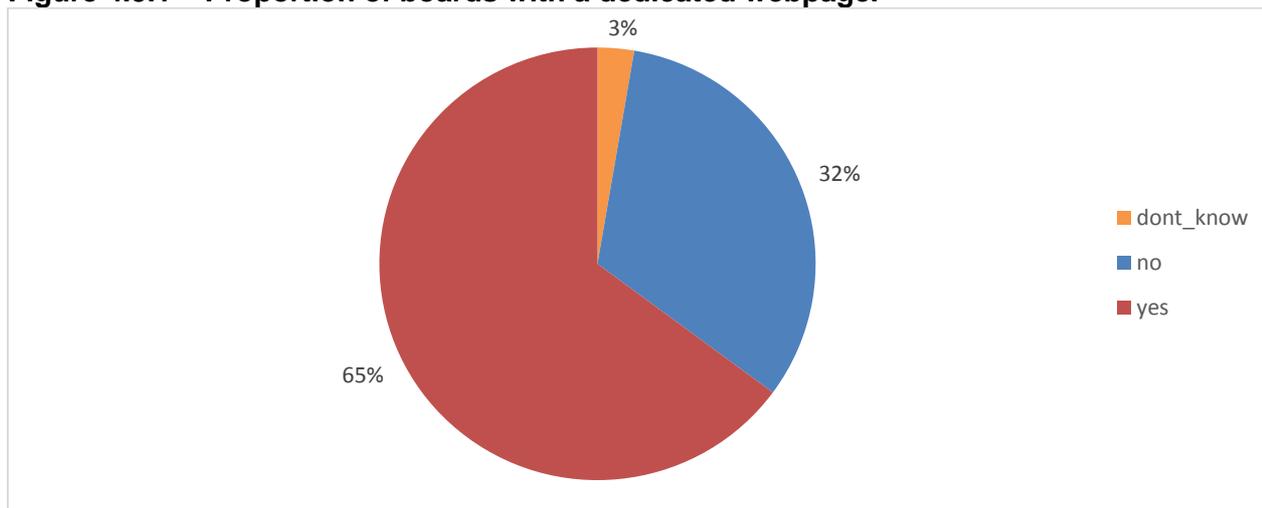
**Table 4.4.11 – Key themes relating to new governance arrangements.**

Overly complex and time-consuming for unfunded schemes and lack of decision making responsibility.
Duplication of effort nationally.
Establishment of SAB and support from LGA has been positive impact.

## 4.5 Board communications

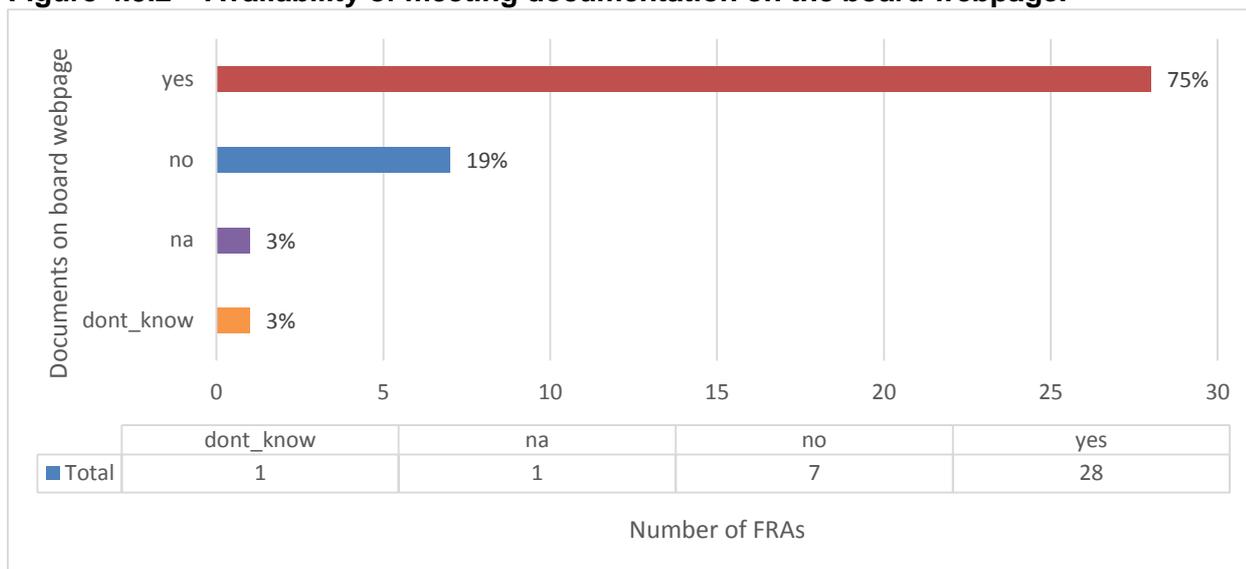
Almost two-thirds (65%) of boards have a dedicated webpage on their Fire and Rescue Service website. Links were provided within the responses where the answer was yes, and these have been verified where the link is external. Almost one in three (32%) do not have a board webpage, and 3% did not know.

**Figure 4.5.1 – Proportion of boards with a dedicated webpage.**



Three-quarters (75%) of respondents stated that meeting agendas and papers are available on the board webpage. The remaining quarter of responses were split between no (19%), not applicable (3%), and don't know (3%). A greater percentage of not applicable responses may have been expected, to more accurately reflect the percentage of boards with no dedicated webpage. However, as there is a requirement for boards to publish information, the documents may be held in a different online location.

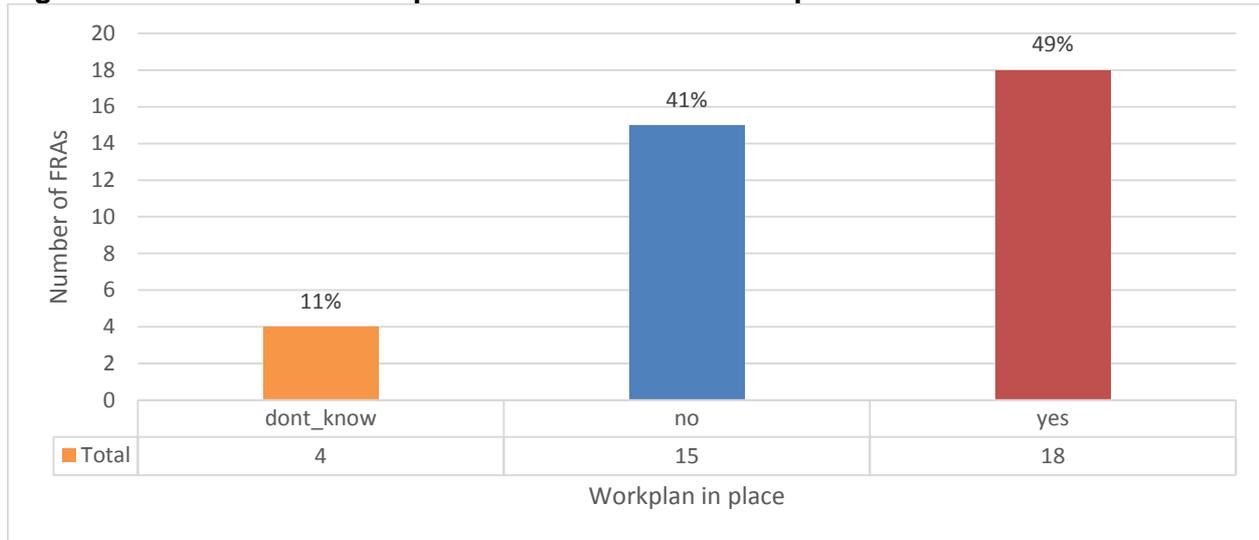
**Figure 4.5.2 – Availability of meeting documentation on the board webpage.**



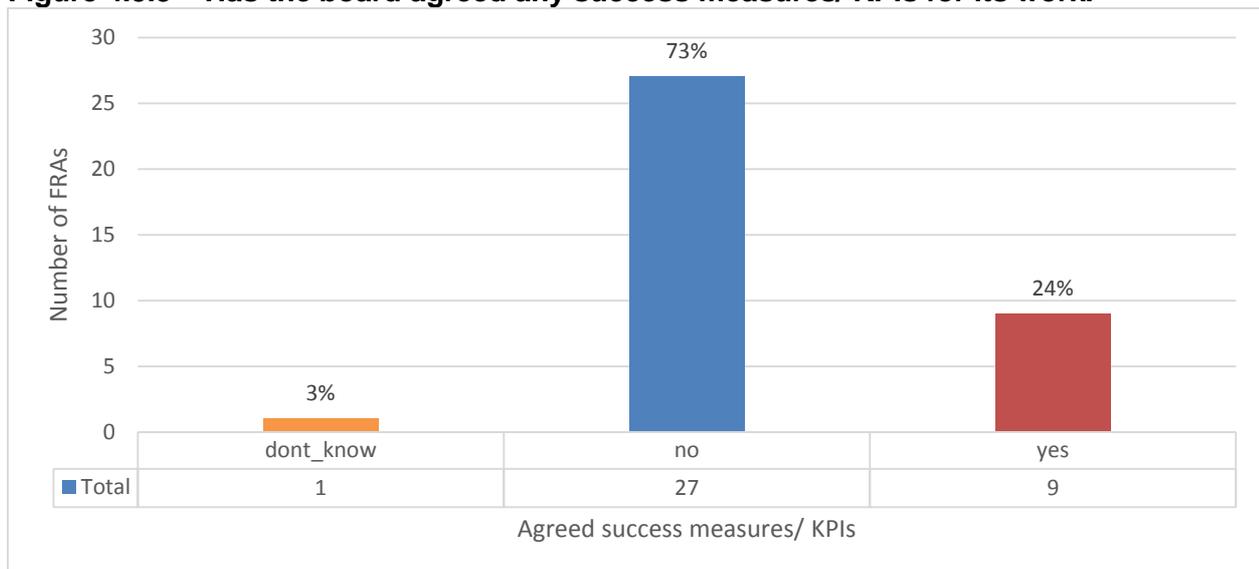
Just under half (49%) of local pension boards have a workplan; 41% have no plan and 11% of respondents did not know whether their board has a plan. For comparison, around 86% of LGPS boards have a workplan in place<sup>1</sup>.

A template workplan is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

<sup>1</sup> Insert link to LGPS survey analysis when available.

**Figure 4.5.2 – Does the local pension board have a workplan.**

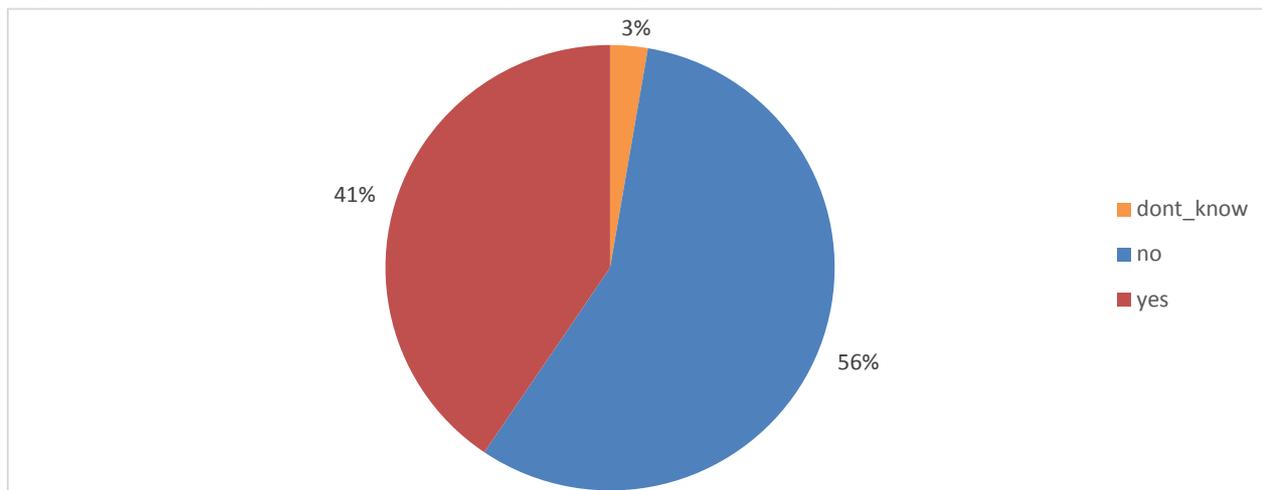
Boards do not tend to have mechanisms in place to measure the success or effectiveness of their work, with just under one in four (24%) boards having agreed any success measures or Key Performance Indicators (KPIs). Almost three-quarters (73%) of boards indicated that there are no agreed KPIs, and 3% did not know if any measures are in place.

**Figure 4.5.3 – Has the board agreed any success measures/ KPIs for its work.**

The percentage of boards producing an annual report was quite evenly split, with 41% of respondents confirming that a report is produced and 56% indicating that a report is not produced. The remaining 3% did not know whether an annual report is issued.

The Committee is considering development of an annual report template to assist boards in this regard.

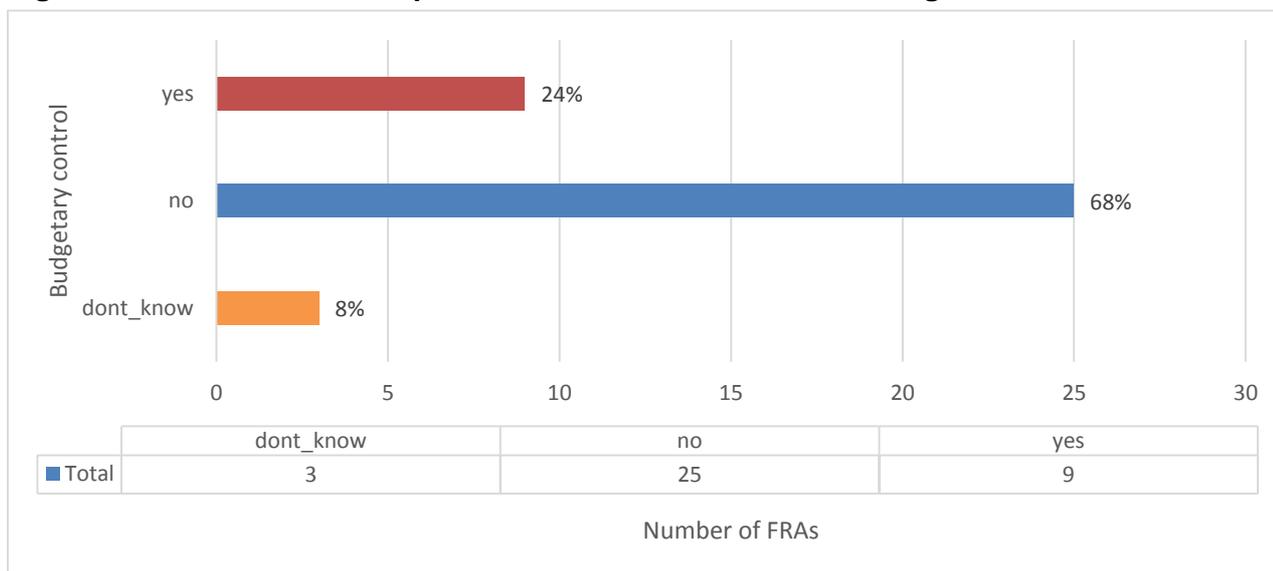
**Figure 4.5.4 – Proportion of boards producing an annual report.**



## 4.6 Board budget

Around a quarter (24%) of boards responding to the survey have control of a budget, and over two-thirds (68%) do not. A small proportion (8%) of respondents were not aware whether the board have any budgetary control. Two of the three boards with a paid chair also have control of a budget, though there are a further seven boards with a budget and an unpaid chair, so there is no direct link between the two conditions.

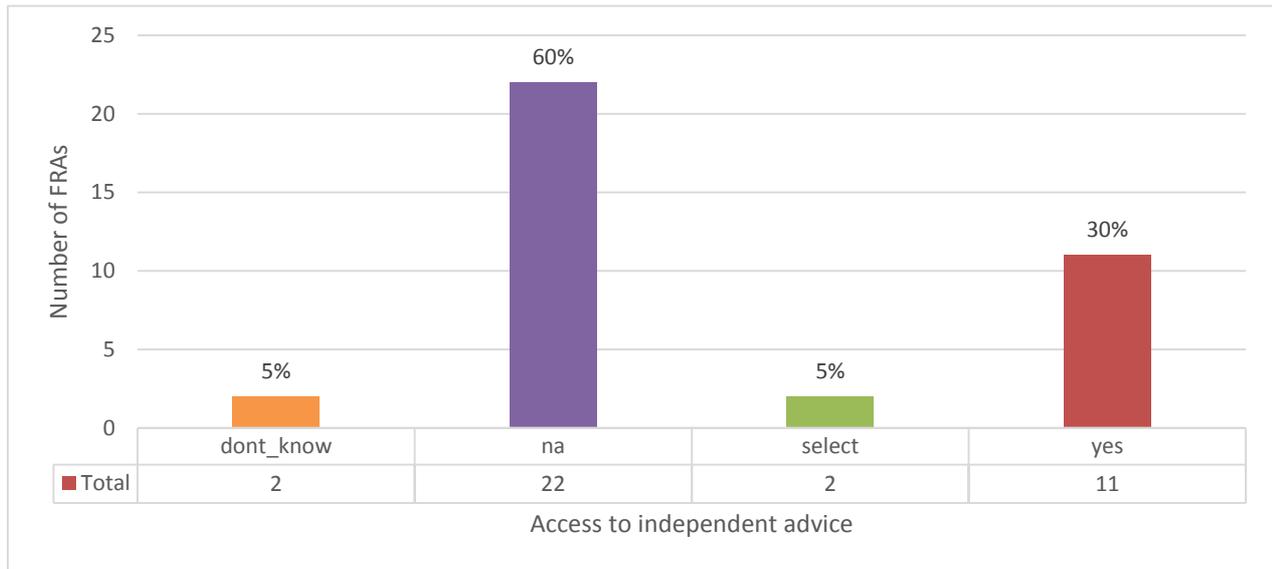
**Figure 4.6.1 – Does the local pension board have control of a budget.**



All of the boards with control of a budget indicated that this budget can be used to access independent external advice, in addition to two which stated that they have no control of a budget, therefore equating to 30%.

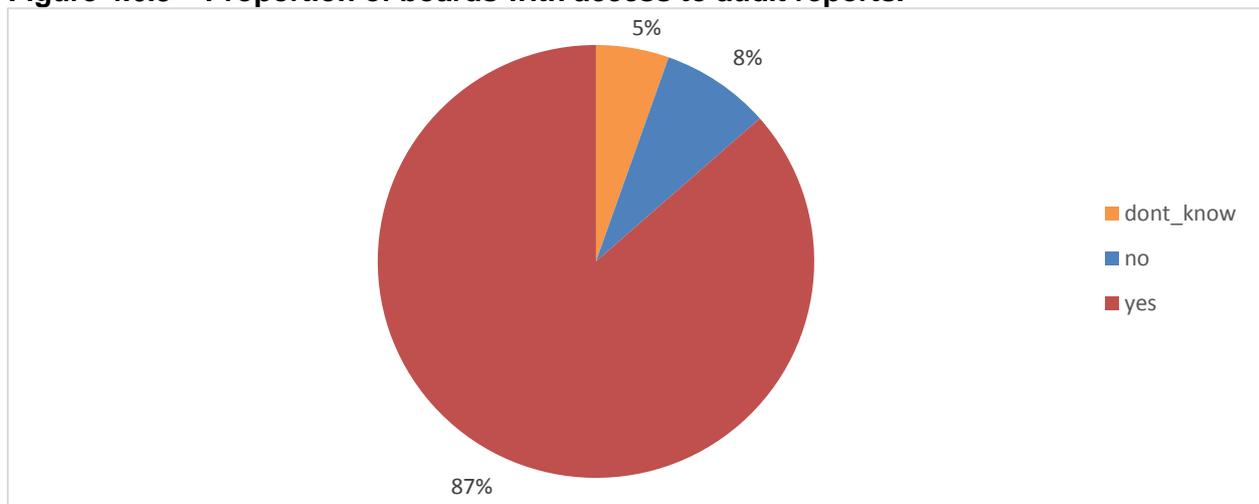
Two respondents (5%) did not select a relevant option from the drop down box, and the remainder were split between not applicable (60%) and don't know (5%).

**Figure 4.6.2 – Can the budget be used to access independent external advice.**



Overall, 87% of boards have access to internal and external audit reports. The percentage without access to such reports is 8%, and 5% did not know. The committee would be interested to further investigate whether audits of the boards take place, or if this would be effective measure of success to recommend to boards.

**Figure 4.6.3 – Proportion of boards with access to audit reports.**



## 5. Recommendations

The Committee would like to thank all boards that were able to submit a response for their participation in the survey, and for continuing to support the work of the Scheme Advisory Board (SAB). The Committee will endeavour in the future to engage with boards that did not respond to the survey, to assess whether additional support is required and the necessary action that could be required by the SAB.

### 5.1 Board meetings

Although the minimum number of meetings is not specified in legislation, the Committee consider that four meetings per year is good practice to allow monitoring of statutory requirements and identify breaches in a timely manner.

### 5.2 Board membership

While the number of members on a board is not of concern providing the minimum legislative requirements are met, turnover of membership and the associated challenge of maintaining members' knowledge and understanding is a potential risk.

Therefore, it is recommended by the Committee that boards consider reviewing their Terms of Reference to set out an aspirational terms for members, in particular extending the tenure for the board chair to a minimum two year term, to consider how they can achieve levels of consistency, while benefiting from occasional new members who would offer fresh ideas and challenges. The selection and nomination procedures should also be amended to include how appointments are both made and removed.

### 5.3 Key documents/ processes

An encouraging number of boards have all key documents and processes in place, and satisfaction with these is generally high. The Committee would highlight the [resources](#) available to boards via the Scheme Advisory Board website to assist those who may not yet have developed or implemented all key processes.

The secretariat also requests that any missing or revised Terms of Reference are submitted to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk) for inclusion on the [Local Pension Boards](#) page.

The rating anomaly for the programme of knowledge and understanding has been noted and the Committee will consider future targeted training requirements based on the analysis of the survey. It is recommended that training is on-going and that it is sector-specific

### 5.4 Scheme governance

Considering the potential uncertainty relating to the role and delegation of the scheme manager function, the Committee would like to promote the available [guidance](#), which is extracted from training delivered to local pension boards by the LGA Firefighters' Pension Adviser.

To assist boards with the identification and recording/ reporting of breaches of the law, the Committee is developing a breach assessment template.

While the Committee acknowledges the view that the new governance arrangements seem overly complex, development of a comprehensive risk register may assist boards in recognising the importance of the provisions in promoting correct management and administration of the schemes. Although there is no investment fund to manage, errors in notional fund accounting can have significant impact, as evidenced by the recent case of injury awards from the Firefighters' Compensation Scheme being incorrectly paid from FRA pension accounts.

## 5.5 Board communications

As there is a requirement for boards to publish information, the Committee think it would not be unreasonable to recommend that boards consider requesting a dedicated webpage on their main FRS website if this does not exist already.

Development of a workplan would allow boards to set their priorities and objectives for the year, and also give a basis for measuring progress. A detailed example workplan is available from the [resources](#) section of the Scheme Advisory Board website.

It is important for boards to be able to measure and demonstrate their success, due to the tremendous amount of hard work and dedication existing within these local arrangements that should be acknowledged. The Committee therefore recommends the development of agreed success measures and KPIs.

An annual report would be an ideal channel for promoting boards' work and achievements. The Committee is considering development of an annual report template to assist boards in this regard, and would recommend inclusion of the following:

- Membership and meetings of board
- Local arrangements
- Board assessments
- Identified Risks and Mitigation
- Recorded Breaches
- Data Review
- Annual Workplan and reviews
- Training
- Expenses and Costs
- Recommendations

## 5.6 Board budget

The Committee were comfortable with the responses regarding board budgets and have no recommendations, other than to note that it may be more efficient for the Scheme Advisory Board to obtain external and independent advice, rather than individual boards.

## Annex A: Survey questions

- 1 When did the Board first meet?
- 2 How often a year is the Board required to meet?
- 2 How often a year is the Board required to meet?
- 3 How many meetings have been held to date?
- 3 How many meetings have been held to date?
- 4 What is the number of employer representatives on the Board?
- 5 What is the number of employee representatives on the Board?
- 6 Was the Chair of the Board:
- 7 Is the Chair of the Board:
- 8 Is the Chair of the Board remunerated?
- 9 Are any other members of the Board remunerated?
- 10 Are expenses paid to Board members?
- 11 Is facility time given by the scheme manager to employee representatives of the Board?
- 12 Does the Board have a terms of reference?
- 13 Does the Board have a conflict of interest register?
- 14 Do you keep a register of breaches of the law?
- 15 Is there a risk register?
- 16 Is there a programme for Board members to acquire knowledge and understanding?
- 16a What training has been undertaken so far?
- 17i Rate the terms of reference
- 17ii Rate the conflict of interest register
- 17iii Rate the register of breaches
- 17iv Rate the risk register
- 17v Rate the knowledge and understanding programme
- 18 Is the Board compliant with guidance issued by the Scheme Advisory Board?
- 19 Reasons for the compliance of the Board with the guidance issued by the Scheme Advisory Board
- 20 Three examples where you think the Board is working well
- 21 Three examples where you think the Board could improve what it does
- 22 Who or whom is the scheme manager?
- 22a Is there an effective delegation of the scheme manager in place?
- 22b Who manages the delegation?
- 22c On a scale of 1 to 10 how would you evaluate the management of the delegation?
- 23i Rate the relationship between the scheme manager and the board?
- 23ii Rate the boards ability to identify non-compliance with legal requirements?
- 23iii Rate the boards ability to make recommendations to the scheme manager when non-compliance has been identified?
- 23iv Rate the scheme manager response to any such recommendations?
- 23v Rate the effectiveness of communication between the scheme manager and the board?
- 24 Has the administrator in any capacity attended any local pension board meetings?
- 25 In the last 12 months, have any breaches of the law been identified by the local pension board?
- 26 Who is responsible for agreeing the agenda for local pension board meetings?
- 27 Have any local pension board meetings not been quorate?
- 28 Is voting a regular feature of local pension board meetings?
- 29 Does the local pension board have a webpage on the Fire and Rescue Service web site?
- 29a If so, what is the address?
- 30 Does the local pension board have a workplan?

- 31 Has the local pension board agreed any success measures/KPIs for its work?
- 32 Has the local pension board produced an Annual Report?
- 32a If so, where is it published?
- 33 Are the local pension boards papers agenda, papers, etc, available on the boards webpage?
- 34 Does the local pension board have control of a budget?
- 35 If it has a budget, can it be used to access independent external advice?
- 36 Does the local pension board have access to internal and external audit reports?
- 37 Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.
- 38 Comment on any other aspect of the new governance arrangements that you consider to be relevant
- 39 Capacity in which you are completing this survey
- 40 Name of the organisation/pension board you represent

## Annex B: Respondents

Avon Fire & Rescue Service  
 Bedfordshire FRS  
 Buckinghamshire Fire & Rescue Service  
 Cambridgeshire and Peterborough Fire Authority  
 Cleveland Fire Authority LPB  
 Cornwall Pension Fund  
 County Durham and Darlington Fire and Rescue Service  
 Devon & Somerset FRS  
 Essex County Fire & Rescue  
 Essex Fire and Rescue  
 Essex Fire and Rescue Service  
 FBU  
 Gloucestershire FRA  
 Gloucestershire FRA  
 Hampshire  
 Humberside Fire Authority  
 Isle of Wight Fire Authority  
 Kent and Medway Towns Fire and Rescue Authority  
 Lancashire Combined Fire Authority  
 Leicestershire Fire and Rescue Service  
 Lincolnshire County Council  
 Merseyside Fire and Rescue Authority  
 Mid and West Wales Fire and Rescue Authority  
 North Yorkshire Fire and Rescue Service  
 Northumberland County Council  
 Nottinghamshire Fire and Rescue Service  
 Royal Berkshire Fire and Rescue Service  
 Royal Berkshire Fire Authority  
 Shropshire and Wrekin Fire and Rescue Authority  
 Shropshire Fire and Rescue Service  
 South Yorkshire Fire & Rescue Authority  
 Stoke on Trent and Staffordshire Fire and Rescue Authority  
 Suffolk Firefighters Pension Board (Suffolk County Council)  
 TWFRS  
 West Midlands Fire and Rescue Authority  
 West Sussex County Council / WSFRS  
 West Yorkshire Fire & Rescue

### **Excluded from analysis:**

Derbyshire Fire and Rescue Service  
 Greater Manchester Fire & Rescue Service  
 London Fire Brigade  
 Warwickshire County Council

## Annex C: Q21. Three examples where you think the Board is working well

Agenda planning with Scheme Administrator, Payroll and Pensions staff and Governance support, Involvement and commitment of Pension Board Members , Appointment (2017) of Lead member for LPB from Scheme Manager to strengthen links
Review of the Pension Administration external service level agreement performance. Review of communication of pension issues with active members. Identification of pension members needs.
Joint working / sharing of knowledge with other Fire Authorities; Risk identification, Scrutiny of Scheme Manager actions
Regular attendance at meeting, Annual report to the Scheme Manager
Good attendance and desire to understand the schemes, Constructive dialogue with the FBU, Cohesive approach with regional services and pensions administrator
Meets regularly, Continuing to build a good working relationship with the Audit Committee, Providing additional assurance following a Breach of the Regulations and putting processes in place to prevent a re-occurrence
Engagement between Scheme Manager and Pension Board Chair/Pension Board, Awareness of current and forthcoming issues, Board engagement including Administrator attendance.
Pensions Administrator attends and provides regular performance reports, Have developed an action plan and training log, Members have a general understanding of the FFPS
Consistent board members, Prioritises attendance to meetings
Monitoring of the scheme, Good meeting content which is supporting awareness and understanding of LPB members, Recognition of the need to increase frequency and time allocation due to the complexity of the agenda items
Good passage of information between the Administrator / Pension Board and Scheme Manager (Representative), Regular meetings, Stability of Pension Board members (only one change in two years)
The board have introduced training and are committed to this, The meetings run efficiently
Commitment to training, Liaison with the Scheme Administrator
Good communication between employers and employees, regular meetings, and joint effort on attending training events.
Intranet site, Planning forward what we will be looking at
Meetings are well attended, Pension fund administrators provide regular reports, Open dialogue with regard to any pension matters and TOR reviewed to enable Chair to be elected from board.
good participation and attendance by all on the board, common goal, all want the same thing, excellent support by our pensions lead

Constructive board member relationships. Useful contribution to scheme communications.
very effective scheme member engagement, keen to make improvements to the governance of the schemes
1 - commitment - attendance at meetings 2 - recognition of role - adherence to TOR 3 - technical advice provided at meetings
1. Scrutiny on the progress of implementation of national settlements such as Norman vs Cheshire 2. scrutiny of progress on formulation and implementation of risk register and associated control measures
1. Work on Risk Register 2. Good balance of Employer and Employee representatives
regular meetings, Good representation on both sides, Good training programme
Meets regularly Has all policies in place, Growing awareness across the Service of the board
Training, Gaining greater awareness, Helping with Procuring of new pension administrator
1. Good relevant TOR 2. Good Cross section of membership 3. Positive decision making forum
Good relevant TOR Good cross section membership Positive decision making forum
Good working relationship between board members
Following national guidance to set format, timings, structure, agenda and forward planning established
Genuine interest of board members to support and engage Scheme Administrator
Established structure and governance - good but can be improved upon, Starting to establish greater knowledge of schemes, Establishing closer working between pensions team, board and SAB.
1. Constructive challenge of Scheme Manager: - .e.g. LPB asked the Scheme Manager to confirm some optant out figures as they seemed particularly high
2. Impartial and active contribution in helping to address tricky pension issues: - e.g. the treatment of temporary promotions and whether they should be treated as pensionable or not.

3. Willingness to engage and be involved: - e.g. keen to get more pension information available, communications, presentations, new employer pension web pages.
Governance and Admin, Scheme Manager and Pension Administrator guidance and attendance at meetings, Compliance with TPR and information from their website
There have been no issues so far which required a vote. The Board has been able to focus on changes in regulations and check that the FRA has complied with the changes.
appropriate policies and procedures in place, awareness of TPR priorities and as a result relevant actions have been put in place by the LPB e.g. Risk Register developed and in place, Data Review underway, Summary of Code 14 Principles collated and ma
Monitor performance of the scheme administrator, discusses concerns of employees with regards to pensions.
1. Up to date with policies and procedures 2. Regular meetings

## Annex D: Q22. Three examples where you think the Board could improve what it does

Risk Register, Greater capacity to develop the Board, Better Learning and Development for the Board
Can't think of any.
Keeping skills of Board up to date due to high turnover of members, The Board find it difficult to understand the complexity of the pension scheme and associated regulations, Need to develop data improvement plan
Better knowledge and understanding, Greater involvement with pensions outside the Board meeting
Further explore a regional board as the administrator is the same, we meet as scheme managers and the geographical area is compact
Consistency in representation of members - complex area but membership of the CFA changes ergo membership of the board changes
Employee representation - predominantly trade unions but sometimes this causes conflict (where decisions benefit some members but not all) therefore they simply fall silent on a matter. Employees should be able to attend to speak but this is not actively encouraged (by the FBU)
Board requesting information from Scheme Manager and also supporting the Scheme Manager in work to be undertaken. Awaiting documents from the Scheme Advisory Board (templates, matters to address, draft agenda, proposed workplan, suggested KPIs, annual report template etc.).
Members could have a more in depth understanding of the FFPS and statutory requirements, More policies in place, A report produced.
Could meet more frequently, Could challenge more, Could undertake more training
To introduce a formal risk register, To publicise the list of any breaches, To improve comms between the LPB and Authority Members who are the formal Scheme Manager
Increased profile of role of Pension Board to members, Training, Increase integration with Scheme advisory board
Improve the risk register, Further improvement of knowledge
Greater focussed KPI's, Greater communication with the Fire Authority as the Scheme Manager, Knowledge
better information given to new board members when initially joining, not just filling in the on line training pack
Get better understanding of some of the detail of the rules, More direct access to Fire Authority rather than through a manager
Scheme manager to attend meetings regularly to provide feedback of board's recommendations/discussions. Raising the board number to 4 each and have a retired fund member to represent retired members.
Knowledge of such a complex area is a problem, difficulties in dedicating time to doing the training, better sharing of good practice (how do we know if we are performing well)?

Ideally the Board membership should be larger however until greater certainty exists concerning activities of the board and delineation of responsibilities is clarified this appears to be premature.

The tenure of both employee members and employer members tend to be of short duration making assimilation of pension scheme rules and necessary training difficult.

The Board has little effective power and consideration should be given to the establishment of combined boards.

1 - Continuity - member representatives have changed due to local elections. Cannot be helped but caused some disruption.

2 - Ability to keep up to date with Tax changes and impact on pensions

3 - Collaboration with other pension Boards - Regionally / Nationally

1. Could gain more experience of Pension Administration for all schemes, however the schemes are very complicated.

Should have a risk register

Add value, Communicate out more

Need for workplan, Link up with Scheme Manager, Policy for reporting breaches of law

1. Expansion of membership to include technical member 2. Better, more timely communications 3. More CPD accredited training.

Expansion of membership to include technical membership, Better, more timely communications, More CPD accredited training

We recognised the need to set a direction for the development of the board and have established an effective training programme, including further LGA training

Greater knowledge of schemes, Greater rigor in pension risks, Comms

1. Closer engagement with other FRA's to share knowledge and experience. 2. Create more opportunity to engage with Rep Bodies and explain the pension issues of the moment 3. Enhance communication of pension matters within FRA

Extensive knowledge and background takes time to accrue. Improvement areas have formed part of the Training Programme

The Employer representatives both changed as a result of the May local elections.

The Chief Financial Officer who is also the Scheme Manager has changed and a permanent replacement is not yet in place. The relationship between the Local FPB and the Scheme Manager will be developed once the Chief Financial Officer is in post.

more detailed work on Work Plan items e.g. Communication Policy development to include review of existing literature and input into development of authority-specific documents which can be accessed locally via intranet  
challenge more items on the ri

Membership of the board has not been as stable as it could have been, and we are currently considering making changes to the way in which board members are appointed in order to allow for longer tenure of board members.

## Annex E: Q37. Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.

We have recently appointed a Lead Member from the Scheme Manager (FRA) - the Authority's Vice-Chair - to attend future Local Pension Board meetings. He won't be a full Member of the LPB but he will be allowed to contribute to the discussions.
Can't think of any areas requiring improvement.
Whilst individual reports are taken for decision when appropriate, benefit could be gained by taking an Annual report to Fire Authority by Scheme Manager.
Better communication. Greater understanding of role of Board
Dedicated time allocated to undertake this function.
Production of a report
Further awareness and education of the Authority who are the formal Scheme Manager. Provision of a regular report to the Authority
Fire Authority as Scheme Manager should request a pension board member to attend Fire Authority meetings where a decision on Pensions is being undertaken for advice. Fire Authority to have a greater understanding of the role of pension boards.
The Chair of the Pension Board to present the minutes to the Standards and HR Committee offering opportunity for scrutiny and direction to FA members.
The Chair of the Pension Board is to present the minutes from Board meetings to the Fire Authority's Standards and HR Committee, so that there is increased awareness of Pensions issues and opportunity for the FRA (as the Scheme Manager) to direct its work.
I am happy with the relationship I have with the scheme manager, the manager is very approachable and helpful when I have questions
More timely involvement and view of the issues being reported by managers to the Fire Authority. Usually quite good but there are some lapses.
No improvements required at present.
Most areas which I think can be improved is over awareness of the schemes.
None at this stage.
With the Scheme Manager being the Strategy and Resources Committee this may lead to delays in decision making, however the transparency of decision making is improved with Member involvement.
More clarity about roles and responsibility from central government/SAB. Scheme manager to attend meetings
A review of scheme manager, and where the delegation of this position in best placed.

The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always looking to improve all functions within FRS and would welcome all support and suggestions as we develop.
The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always receptive to ideas and support in all areas and functions of FRS and would welcome any support as we develop the board.
A very positive working relationship exists with the ability to raise issues
More structured and transparent reporting between Board and scheme manager and the Fire Authority
A lack of pension expertise / communication / liaison meant that a new post of Employer Pension Manager was introduced from 01/02/2017. A year on and this post has made significant improvements to communication and liaison between FRA, LPB and Scheme Manager. We are always looking for ways to enhance the relationship further though.
Relationships working well
There have been some changes in the Scheme Manager personnel which need to be embedded so that the relationships with local FPB Chair and Board can be developed.
More regular communication on relevant topics to keep the important issues highlighted e.g. monthly email update from Scheme Manager with the opportunity for all to contribute. Could use as a route for ongoing discussion to hone activities and priorities to then capture at formal meetings. Examples of possible topics - TPR 21st Century Governance Programme, Dashboard, GDPR, Valuation outcomes, GMP reconciliation, urgent administration exercises where identified
More stable board membership (as mentioned in Q21)

## Annex F: Q38. Comment on any other aspect of the new governance arrangements that you consider to be relevant

We believe the links between the Scheme Manager, through the Lead Member, will strengthen the links. There is also a proposal for the LGA to deliver a training session for the FRA (as Scheme Manager) in 2018.
As the FF pension is an unfunded scheme and the LPB is a non-decision making body the challenges it faces are not as great in terms of ensuring all pension liabilities are being covered via investments of the pensions assets, and the management of risks and board member conflicts of interest. I would imagine a board member on a LGPS pension board requires more support and direction when managing a billion Â£ plus investment portfolio. The main objective appears to be around the correct administration of the FF pension and the fulfilment of all statutory and regulatory responsibilities.
Governance arrangements have been improved due to the new requirements and the pension scheme is now better managed. Guidance from the LGA and TPR provides a useful framework on which to base our governance arrangements.
Overly complicated in my opinion given that the scheme is unfunded and therefore does not have investments to manage unlike LGPS. Most pension decisions are based on regulations, grey book terms & conditions and outcomes of legal challenge. Therefore again, unlike LGPS, I think fire pension boards are confused about their role and elected members struggle with the lack of decision-making responsibility. The more formal governance arrangements are imposed the more I feel that the meetings tick a box rather than adding value.
As there are not investment decisions in the way there are for LGPS, the status of the Board within the County Council is much lower.
There is significant duplication across all FRSs in the UK and this could be more efficient if organised regionally rather than by each FRS/shared administrator. Another alternative would be to just utilise the national Scheme Advisory Board.
They are working well so far.
Regular reviews ensure focus on best practice.
Fell like the arrangements are starting to be embedded and the regular reviews being undertaken on the subject, such as this one, are helping to support driving best practice.
Knowledge of board members is a key issue that can only be overcome by exposure to the issues and training.
None
As the Firefighters' Pension Schemes are unfunded much of the requirement for pension boards are unnecessary as no monetary decisions are overseen or made by the Board.
N/A
Three years on and the value of local pension boards for a national funded scheme is still questionable

The initial legislation was "light touch" and the delay to the establishment of the SAB, impacted on the early days on the LPB. However, where new guidance and support has been made available the board has quickly adapted, e.g. Risk Register

Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this has been to redefine the boards TOR and restructure the board in relation to the change of accountability. Our risk register is in the process of being rewritten to reflect the potential risks of third party.

Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this, is a redefining of the TOR and a restructuring of the board to reflect the change in accountability of administration. Our risk register is in the process of being rewritten to take account of the potential risk of the third party.

The support of the SAB is much appreciated in driving improvements and providing suitable resources. The new SAB website is excellent and the ongoing LGA training, support and expertise continues to be of a very high quality and makes it far easier to understand the responsibilities and to access expert assistance from relevant agencies. Opportunities for networking and to ask about other board activities and approaches gives a real focus for assessing progress and identify whether priorities are appropriate. Malcolm Eastwood's enthusiasm acts as a genuine motivator to push to keep up the positive momentum.

## APPENDIX 2

### SOUTH WALES FIRE AND RESCUE AUTHORITY LOCAL PENSION BOARD

#### TERMS OF REFERENCE AND DELEGATED AUTHORITIES (as determined for a Sub-Committee of South Wales Fire and Rescue Authority)

#### 1. INTRODUCTION

The purpose of this document is to set out the Terms of Reference for the Local Pension Board of the South Wales Fire and Rescue Authority (Firefighters' Pension Fund). Appendix 'A' establishes the relationship between the Fire and Rescue Authority and the Local Pension Board).

#### 2. ROLE OF THE LOCAL PENSION BOARD

The role of the Local Pension Board as defined by Sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to:

- Assist the South Wales Fire and Rescue Authority as Scheme Manager:
  - To secure compliance with the Firefighters' Pension Scheme(s) regulations and any other legislation relating to the governance and administration of the Firefighters' Pensions Scheme(s)
  - To secure compliance with requirements imposed in relation to the Firefighters' Pension Scheme(s) by the Pension Regulator
  - In such other matters as the Firefighters' Pension Scheme(s) regulations may specify
- Secure the effective and efficient governance and administration of the Firefighters' Pension Scheme(s) for the South Wales Fire and Rescue Authority (Firefighters' Pension Fund)
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.

The Local Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Local Pension Board will also help ensure that the Firefighters' Pension Scheme(s) are managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Local Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

### **3. APPOINTMENT OF MEMBERS OF THE LOCAL PENSION BOARD**

The process for selecting members of the Local Pension Board is set out below.

The Local Pension Board shall consist of up to 9 members and be constituted as follows:-

- (a) 4 employer representatives
- (b) 4 scheme member representatives
- (c) 1 independent member selected by Scheme Manager

Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Pension Board's membership.

The Chair of the Local Pension Board will be the Fire and Rescue Authority Deputy Chair person. It will be the role of the Chair to ensure that all members of the Board show due respect for the process, that all views are fully heard and considered and to determine when consensus has been met.

In the first year of the Local Pension Board, the employer and scheme member representatives shall serve for a mixed tenure of X years. *Fire and Rescue Authority members appointed remain members as long as they are eligible.*

Each Board member should endeavour to attend all Local Pension Board meetings during the year. In the event of consistent non-attendance by any Board member, then the tenure of that

membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

The Local Pension Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub-committees, particularly where this would add skills and experience. The maximum number of co-opted members to a committee shall be 6 years with an option for a further 4. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representatives, represented in equal number.

#### **4. QUORUM**

At least four people must be present, including the Chair and at least half members present are employee representatives.

Advisers and co-opted persons do not count towards the quorum.

#### **5. CONFLICTS OF INTEREST**

The policy for identifying conflicts of interest is set out in a separate statement.

#### **6. LOCAL PENSION BOARD REVIEW PROCESS**

The Local Pension Board will undertake each year a formal review process to assess how well it and its committees, and the members are performing with a view to seeking continuous improvement in the Board's performance. *Annual report to Fire and Rescue Authority.*

#### **7. ADVISERS TO THE LOCAL PENSION BOARD**

The Local Pension Board may make use of advisers from time to time, subject to any applicable regulation and legislation in force, but this will be optional resource subject to budget agreements.

## 8. KNOWLEDGE AND SKILLS

A member of the Local Pension Board must be conversant with:-

- (a) The legislation and associated guidance of the Firefighters' Pension Scheme(s)
- (b) Any document recording policy about the administration of the Firefighters' Pension Scheme(s) which is for the time being adopted by the South Wales Fire and Rescue Authority (Firefighters' Pension Fund).

A member of the Local Pension Board must have knowledge and understanding of:-

- The law relation to pensions, and
- Any other matters which are prescribed in regulations

**It is for the individual Local Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.**

In line with this requirement, Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Local pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Local Pension Board members will comply with the Scheme Manager's training policy.

## 9. LOCAL BOARD MEETINGS – NOTICE AND MINUTES

The Scheme Manager shall give notice to all Local Pension Board members of every meeting of the Pension Board.

The Scheme Manager shall ensure that a formal record of Local Pension Board proceedings is maintained.

Following the approval of the minutes by the Chair of the Local Pension Board, they shall be circulated to all members.

There will be two Local Pension Board meetings per year, with the option to call more as required.

#### **10. REMIT OF THE LOCAL PENSION BOARD**

The Local Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Local Pension Board's role entails.

#### **11. STANDARDS OF CONDUCT**

**The role of Local Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life' will be applied to all Local Pension Board members. There are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.**

#### **12. DECISION MAKING**

Each member of the Local Pension Board will have an individual voting right but it is expected the Local Pension Board will as far as possible reach a consensus. The Chair of the Local Pension Board will have the final 'casting' vote which will be reported to the Scheme Manager.

#### **13. PUBLICATION OF LOCAL PENSION BOARD INFORMATION**

Scheme members and other interested parties will want to know that the South Wales Fire and Rescue Authority (Firefighters' Pensions Fund) is being efficiently and effectively managed. They will also want to be confident that the Local Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the South Wales Fire and Rescue Authority website. (*Pensions page*)

The names and information of the Local Pension Board members

- How the scheme members are represented on the Pension Board
- The responsibilities of the Local Pension Board as a whole

- The full terms of reference and policies of the Pension Board and how they operate
- The Pension Board appointment process (as per independent member of Standards Committee)
- Who each individual Pension Board member represents
- Any specific roles and responsibilities of individual Pension Board members

Local Pension Board papers, agendas and minutes of meetings will be published on the South Wales Fire and Rescue Authority website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

#### **14. ACCOUNTABILITY**

The Local Pension Board will be collectively and individually accountable to the Scheme Manager.

#### **15. EXPENSE REIMBURSEMENT (REMUNERATION AND ALLOWANCES)**

Members allowance will be XXXX. South Wales Fire and Rescue Authority – independent members will claim as per South Wales Fire and Rescue Authority agreed rates for independent members.

#### **16. REPORTING BREACHES**

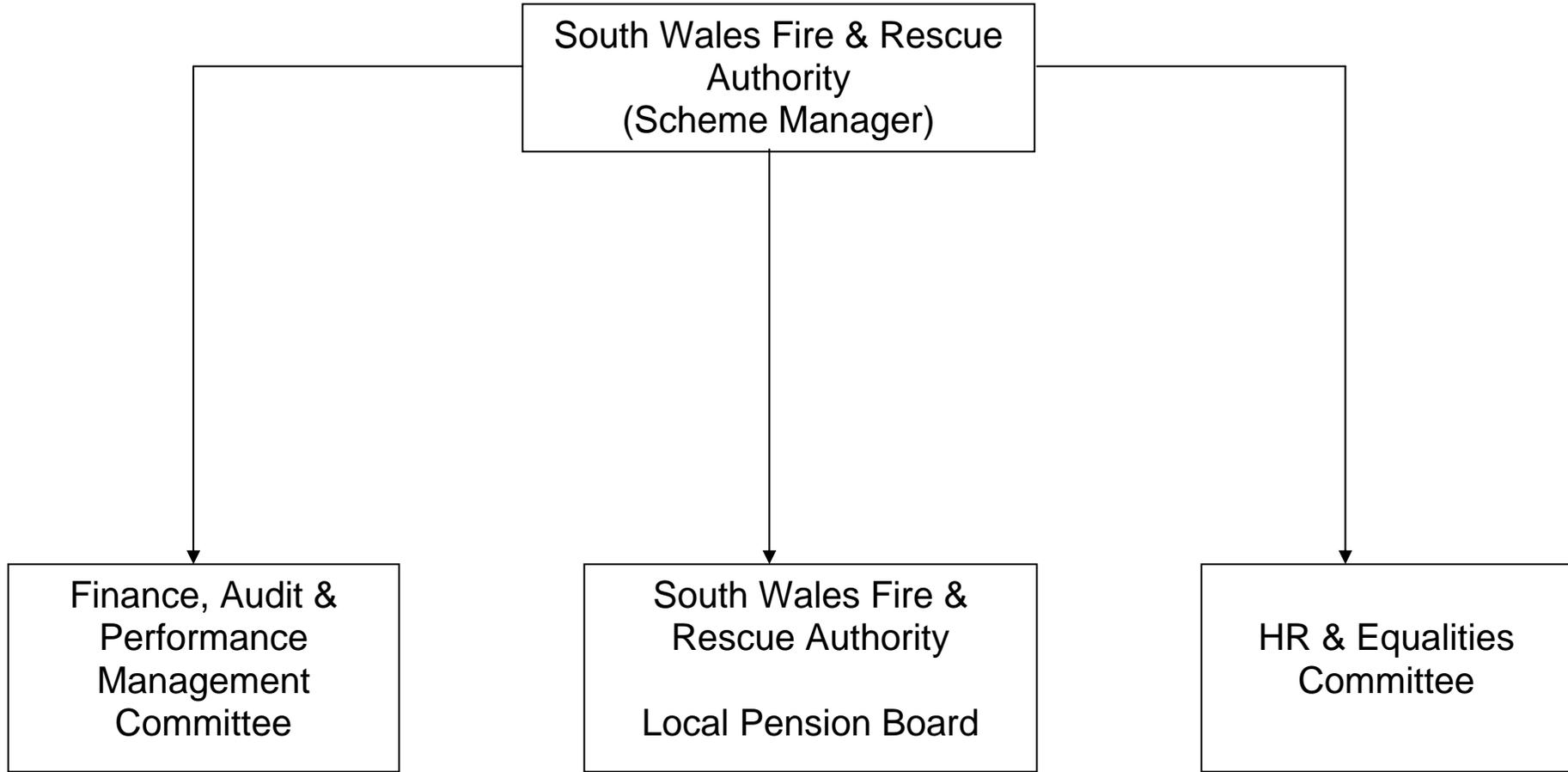
Any breach brought to the attention of the Local Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document., and would be dealt with through the appropriate channels currently in existence.

## 17. INTERPRETATION

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

## 18. DEFINITIONS

- The term 'Local Pension Board' means the Local Pension Board for the South Wales Fire and Rescue Authority, administering authority for the South Wales Fire and Rescue Authority (Firefighters' Pension Fund) as required under the Public Service Pensions Act 2013.
- 'Scheme Manager' means the South Wales Fire and Rescue Authority as the administering authority for South Wales Fire and Rescue Authority (Firefighters' Pension Fund)
- 'Chair' refers to duties to be performed, or authorities exercised, by the Chair.
- 'Scheme' means the Firefighters' Pension Scheme 1992 and New Firefighters Pension Scheme 2015.





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**SOUTH WALES FIRE & RESCUE AUTHORITY  
LOCAL PENSION BOARD**

**RISK ASSESSMENT – Updated February 2017 (Pension Regulator’s template)**

Risk area 1 – Operations	Likelihood (1:least likely, 10: most likely)	Impact (1:least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Operational disaster (fire/flood etc.)	3	6	18	Business continuity procedures in place for administrator	Pension scheme administrator	ABS test September 2016	September 2017	Up-to-date business continuity and disaster recovery arrangements in place and provided by administrator
				Business continuity plans in place for scheme manager	Scheme manager	ABS test September 2016	September 2017	Up-to-date business continuity and disaster recovery arrangements in place
Members' data incomplete or inaccurate	3	5	15	Annual report from administrator, used as basis for rectification plan	Scheme manager	ABS test September 2016	September 2017	Annual rectification exercise undertaken in April each year
				Additional validation carried out by administrators	Pension scheme administrator	N/K	September 2017	Administrator to highlight irregularities to Scheme

				through national fraud initiative.				Manager
Administration process failure/ maladministration	2	8	16	Formal Service Level Agreement in place with the pension scheme administrator	Head of Human Resources	April 2016	April 2018	Service Level Agreement in place
				Defined levels of authority are clearly agreed and kept up-to-date	Scheme manager	April 2016	September 2017	Scheme of Delegation and Discretions determined
				Ongoing dialogue with pension scheme administrator	ACO – People Services, Pension Liaison Offer & Finance Officer	ABS review – September 2016	May / June 2017	Regular contact between pension scheme administrator officers and plus ad-hoc calls when necessary
Monitor Scheme (s) active membership data	3	6	18	Evaluate the composition of active membership data across the individual schemes to assess potential impact of retirement rates against recruitment activity	ACO – People Services, Pension Liaison Offer & Finance Officer	April 2016	September 2017	Regular contact between officers and evaluation

Risk area 2 – Financial	Likelihood (1:least likely, 10: most likely)	Impact (1:least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Officers acting outside of delegated responsibility	1	9	9	Regular reviews of policy and Constitution	Scheme manager	April 2016	September 2017	Scheme of delegation and discretions policies in place
				Appropriate approval measures in place	Scheme manager	April 2016	September 2017	Scheme of delegation and discretions policies in place

Risk area 3 – Funding	Likelihood (1:least likely, 10: most likely)	Impact (1:least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Employer fails to deduct pension contributions	1	10	10	Monthly monitoring of contribution payments by payroll manager and administrators	Scheme Manager Payroll Section	Monthly	Continuing	All contributions deducted as necessary

Risk area 4 – Regulatory and compliance	Likelihood (1:least likely, 10: most likely)	Impact (1:least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Failure to interpret rules or legislation correctly	2	7	14	Up-to-date and documented training log, showing completion of scheme specific and The Pensions Regulator's educational material	Scheme manager	October 2016	July 2017	All relevant persons have completed educational material
				Technical advice and updates	Scheme manager	Ongoing – via HR & E Committee	Ongoing work programme	Updates received from responsible authority, scheme advisory board and professional advisers; acted on
Conflicts of interest	2	5	10	Pension board awareness of legal responsibilities	Pension board chair	October 2016	July 2017	All pension board members have completed educational material
				All pension board members to declare any conflicts and potential conflicts	Scheme manager	April 2016	June 2017	Conflicts document signed by all pension board members, recorded in conflicts register. Reminder, and any changes or

								additional conflicts, will be minuted at each pension board meeting.
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## GLOSSARY

- Scheme Manager – Fire & Rescue Authority Members
- Pension scheme administrator – Rhondda Cynon Taff Pension Section
- Pension board chair - Fire & Rescue Authority appointed person

## APPENDIX 6

### TRAINING POLICY AND FRAMEWORK

#### *Role of a Pension Board member*

In accordance with [Section 5\(2\) of the Public Services Pensions Act 2013](#) amendments have been made to the Firefighters' Pension Schemes to provide for the establishment of a Local Pension Board.

The purpose of the Local Pension Board is to assist the scheme manager (the Fire & Rescue Authority) in securing compliance with:

- Scheme(s) regulations;
- Legislation relating to governance and administration of the scheme(s);
- Requirements imposed by the Pensions Regulator.

Local Pension Board members must:

- Be conversant with the scheme rules (have a working knowledge of the full range of Firefighters' Schemes regulations);
- Be conversant with documented governance and administration policies currently in force;
- Have a knowledge and understanding of the law relating to pensions (and other associated legislation) to the degree appropriate for them to carry out their role, responsibilities and duties.

#### **TRAINING POLICY**

A Local Pension Board member will:

1. Within 6 months from the date of appointment have completed all training necessary to fulfil the legal requirements made of a Board member;
2. Continuously review their knowledge and understanding and annually undertake a skills and learning analysis to identify any gaps in their knowledge;
3. Produce a personal development plan setting out clear and simple objectives based on the administering Fire & Rescue Authority's SMART objectives (see table below);
4. Complete all learning objectives and scrutinise each activity as it is undertaken;
5. Record all learning undertaken by completing the policy framework;
6. Reflect on what they have learnt to assist in the completion of future learning activities.

#### **SMART objectives**

<b>Specific</b>	Target a specific area for improvement stating exactly what you need to achieve and defining precisely what you are going to do.
<b>Measurable</b>	Include a quality measure – how you did is as important as what you did – and show tangible evidence that you have accomplished the objective.

<b>Achievable</b>	If an objective is impossible to achieve you may feel de-motivated. Objectives should be a challenging and achievable stretch to success.
<b>Realistic</b>	Make sure that you are being realistic – state what results you can achieve given all available resources and limitations.
<b>Time-limited</b>	Set clear milestones and deadlines for reviewing your achievements.

### ***A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements***

#### **1. The Pensions Regulator public service toolkit**

- a) Conflicts of Interest
- b) Managing Risk and internal controls
- c) Maintaining accurate data
- d) Maintaining member contributions
- e) Providing information to members and others
- f) Resolving internal disputes
- g) Reporting breaches of the law

#### **2. The Pensions Regulator Code of Practice No. 14: Governance and administration of public service pension schemes**

- a) Governing your scheme
  - i. Knowledge and understanding required by local pension board members
  - ii. Conflicts of interest and representation
  - iii. Publishing information about schemes
- b) Managing risks
  - i. Internal controls
  - ii. Managing risks
  - iii. Risk register
- c) Administration
  - i. Scheme record-keeping
  - ii. Maintaining contributions
  - iii. Providing information to members
- d) Resolving issues
  - i. Internal dispute resolution
  - ii. Reporting breaches of the law

#### **3. Pensions legislation**

- a) The legislative framework for pensions in the UK
- b) Specific Firefighters' Pension Scheme(s) regulations and statutory guidance
  - i. Understanding scheme membership and eligibility
  - ii. Understanding scheme benefits
- c) Firefighters' Pension Scheme(s) discretions and their impact on the pension scheme(s), employers and local Taxpayers
- d) Keeping up to date with changes to the rules
- e) Other related legislation

- i. The Public Service Pensions (Record Keeping and Miscellaneous Amendment) Regulations 2014
- ii. The Occupational and Personal (Disclosure of Information) Regulations 2013
- iii. The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2000
- iv. Part 8 of the Finance Act 2004

#### **4. Pensions governance**

- a) Understanding the governance structure, nationally and locally, and the roles each body plays
  - i. Welsh Government (Responsible Authority)
  - ii. The Fire & Rescue Authority (Scheme Manager)
  - iii. The Scheme Advisory Board (Welsh Government, 3 FRA and trades unions)
  - iv. The Scheme Administrator (Rhondda Cynon Taff Pension Section)
  - v. The Pensions Regulator
  - vi. The Pensions Advisory Service
  - vii. The Pensions Ombudsman
  - viii. The Government Actuary
- b) Knowledge of the stakeholders and the nature of their interests
- c) Knowledge of consultation, communication and involvement options relevant to the stakeholders
- d) Governance policies
  - i. Cash management
  - ii. Due diligence
  - iii. Governance Compliance Statement

#### **5. Pensions administration**

- a) Understanding best practice in pensions administration e.g. performance and cost measures
- b) Understanding the required and adopted scheme policies and procedures relating to:
  - i. Pension Administration Strategy
  - ii. Member data maintenance and record-keeping processes
  - iii. Contribution collection
  - iv. Scheme communications policy, documents and materials
  - v. Service Level Agreements
- c) Knowledge of how the pension fund interacts with HMRC
- d) Performance and payment schedule
- e) The role of the scheme employer

#### **6. Pensions accounting and auditing standards**

- a) An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice
- b) An understanding of the role of both internal and external audit
- c) An understanding of the roles played by third parties

#### **7. Investment performance and risk management**

- a) An understanding of the importance of monitoring asset returns relative to liabilities and a broad understanding of ways of assessing long-term risks

- b) An awareness of the principles of performance management and the approach adopted by the administering authority
- c) Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.
- d) An understanding of the risk and return characteristics
- e) A broad understanding of the pension fund and the nature of the associated risks
- f) An understanding of how the pension fund interacts with HMRC

#### **8. Actuarial methods, standards and practices**

- a) A general understanding of the role of the fund actuary
- b) Knowledge of the valuation process and inter-valuation monitoring
- c) An awareness of the importance of monitoring early and ill health strain costs
- d) An understanding of the implications of admitting new employers to the fund and the cessation of those employers
- e) A general understanding of the relevant considerations in relation to outsourcings and bulk transfers
- f) A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers

**FORWARD WORK PROGRAMME FOR  
LOCAL PENSION BOARD 2018/2019**

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Local Pension Board Training Plan & Framework	<p>To enable Local Pension Board Members to review their training needs within the established framework and policy.</p> <p>To inform Members of the current training activity and future proposals.</p>	<p>ACO People Services</p> <p><b>Contact Officer:</b> Mark Malson</p>	<p>25 June 2018</p>	<p>On Agenda</p>
Summary of Scheme Advisory Board meeting held on 20 March 2018	<p>The purpose of this report is to appraise the LPB on the most recent SAB discussions which could impact on the FRA's role as Pension Scheme Manager.</p>	<p>ACO People Services</p> <p><b>Contact Officer:</b> Mark Malson</p>	<p>25 June 2018</p>	<p>On Agenda</p>
Update on the Implications of the General Data Protection Regulations	<p>To update the Local Pension Board on the implications for the Authority and the Authority's Pension Scheme Administrators to ensure</p>	<p>ACO People Services</p> <p><b>Contact Officer:</b> Mark Malson</p>	<p>25 June 2018</p>	<p>On Agenda</p>

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Coming into force on 25 May 2018 on the Firefighters' Pension Schemes	compliance			
Report on the Firefighters Pension (Wales Scheme) Amendment Order 2014 – Pensionable Pay	To update the Local Pension Board on the Firefighters Pension (Wales Scheme) Amendment Order 2014	ACO People Services  <b>Contact Officer:</b> Mark Malson	25 June 2018	On Agenda
Pensions Regulations – 'Statement on Manging Service Providers'	To update Members	ACO People Services  <b>Contact Officer:</b> Mark Malson	25 June 2018	On Agenda
Survey of Fire & Rescue Authority Local Pension Board 2017	To update Members	ACO People Services  <b>Contact Officer:</b> Mark Malson	25 June 2018	On Agenda

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Consultation on Amendments to Firefighter Pension Schemes in Wales	This report updates the LPB on the outcome of the WG's consultation on amendments to the FPS 1992, Survivors Benefits.	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
Firefighters' Pension Scheme – South Wales Fire & Rescue Authority	To inform Local Pension Board Members of the Board's responsibilities in relation to all Firefighters' Pension Schemes	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
Firefighters Pension Scheme Advisory Board Wales Draft report regarding GAD 2016 Valuation Assumptions	This report provides an update for the LPB on the GAD 2016 Valuation Assumptions	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
Report on the Firefighters Pension Scheme 2015 Taper Protections – Legal	To update the Local Pension Board on the legal appeal to the FBU challenge to the Employment Tribunals judgement to reject the age	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Challenge	discrimination claims brought by the FBU.			
Report on the Review of the Service Level Agreement with the Firefighter's Pension Scheme Administrator, RCT	To update the Local Pension Board on the outcome of the SLA review with the Pension Scheme Administrators.	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
HMRC Rules and their Relationship with the Firefighters' Pension Schemes	To inform the Local Pension Board of the relationship between the Firefighter's Pension Schemes and HMRC, and the associated regulations as they are applied to the members and pension scheme managers	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
Governance and Administration of the Firefighters' Pension Schemes	The Pensions Regulators Code of Practice is directed at Scheme managers and the members of pension boards of public sector pension schemes and	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
	connected schemes. This report is to inform pension board members of the overarching conditions in relation to board membership			
Firefighters' Pension Scheme – Membership Data	To provide Local Pension Board Members with a data analysis of the composition of the Firefighters' Pension Schemes	ACO People Services  <b>Contact Officers:</b> Mark Malson	22 October 2018	
Managing Risks & Internal Controls	To enable Members to consider the Fire & Rescue Authority's and Fire & Rescue Service's pension scheme risk factors.	ACO People Services  <b>Contact Officer:</b> Mark Malson	22 October 2018	
Pension Regulator's Self Assessment Tool for Public Service Pension Schemes	To enable Local Pension Board Members to evaluate the Fire & Rescue Authority's pension scheme administration performance.	ACO People Services  <b>Contact Officer</b> Mark Malson	22 October 2018	

Report Name	Purpose of piece of work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Firefighters' Pension Scheme Financing Mechanism (Year ending March 2019)	To inform Local Pension Board with an outline of the funding arrangements for the Firefighters' Pension Schemes	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	
Firefighters' Pension Schemes – Composition and Funding Provisions (Financial 2018/2019)	To inform Local Pension Board of the composition of the current pension scheme membership and end of year revenue budget for pensions and the Pension Fund	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	
Report from the Firefighters' Pension Schemes, Scheme Administrators, (RCT)	To provide the Local Pension Board with a summary of various work streams relating to the Firefighters' Pension Schemes	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	

<b>Report Name</b>	<b>Purpose of piece of work</b>	<b>Lead Director/ Contact Officer</b>	<b>Expected Date of Decision/ Submission/ Review</b>	<b>Progress</b>
Report on Compliance with GDPR Regulations	To enable the Local Pension Board to have an understanding of the work undertaken to ensure compliance with the new GDPR Regulations	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	
Report on Local Pension Board web page	To demonstrate the web page of the Local Pension Board and Firefighters Pension Schemes	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	
Summary of the Local Pension Board Work Programme	Report to be submitted to the Fire & Rescue Authority which sets out the Local Pension Board activity throughout 2018-2019	ACO People Services  <b>Contact Officer:</b> Mark Malson	21 January 2019	

**ACO Mark Malson – Acting Director of People Services**

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## AGENDA ITEM NO 12

**To consider any items of business that the Chairman deems urgent  
(Part 1 or 2)**

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1. Apologies for Absence
2. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to both verbally and in writing declare any personal and/or prejudicial interests in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairman's Announcements
4. To Receive the Minutes of:-
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12. To consider any items of business that the Chairman deems urgent (Part 1 or 2) 123