

TO: Cambridgeshire and Peterborough Fire Authority

FROM: Deputy Chief Fire Officer - Rick Hylton (seconded to Essex County Fire and Rescue Service)

PRESENTING OFFICER(S): Deputy Chief Executive Officer - Matthew Warren
matthew.warren@cambsfire.gov.uk

DATE: 6 February 2020

LOCAL PENSION BOARD ANNUAL REPORT 2018/19

1. Purpose

- 1.1 The purpose of this report is to provide the Fire Authority with an annual update from the Local Pension Board for the financial year 2018/19.

2. Recommendation

- 2.1 The Authority is asked to note the attached report at Appendix 1.

3. Risk Assessment

- 3.1 **Legal** – It is a legal requirement for the Authority, as part of its governance arrangements, to have a functioning Local Pension Board.

4. Background

- 4.1 The Government introduced legislation in 2015 that required all fire and rescue services to implement a Local Pension Board. The Local Pension Board for Cambridgeshire Fire and Rescue Service went live on the 1 April 2015.
- 4.2 The primary role of the Board is to review the governance and administration arrangements for the Firefighters' pension and compensation schemes. Attached at Appendix 1 is the annual report of the Local Pension Board for 2018/19.

5. Update on Pension Challenge

- 5.1 On 18 December 2019, the employment tribunal made an interim order on the firefighters' transitional protections claims. The focus for the Service is on those immediate cases where an employee is due to retire imminently or currently under consideration for an ill health retirement. What the interim order says is that those firefighters need to be treated as if they had remained in the 1992 pension scheme.
- 5.2 Clearly, the full implications of this judgement will not be known until the final order has been made which is expected later this year. The Local Pension Board will need

to be cognisant of the judgement and its implications as the Service and its pension administrator look to implement the remedy when it is fully known and understood.

BIBLIOGRAPHY

| Source Document | Location | Contact Officer |
|---|--|--|
| FPS Bulletin 27 – December 2019 Local Government Association | HQ Hinchingsbrooke Cottage Brampton Road Huntingdon | Matthew Warren Matthew.warren@cambsfire.gov.uk 01480 444500 |

FIREFIGHTER PENSION SCHEMES

LOCAL PENSION BOARD ANNUAL REPORT 2018/19

Annual Report

This is the Annual Report of the Cambridgeshire and Peterborough Fire Authority Local Pension Board (the Board), covering the period from 1 April 2018 until 31 March 2019.

Roles and Functions

The Board has been established as the Local Pension Board for Cambridgeshire and Peterborough Fire Authority in accordance with section 5 of the Public Service Pension Act 2013 and the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015.

The remit of the Board includes assisting, the Fire Authority, as Scheme Manager:

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

The establishment of the Board was approved in 2015. The papers detailing the establishment of the Board (including the full Terms of Reference) can be found in the meeting papers of the Cambridgeshire and Peterborough Fire Authority.

Membership of the Board

The Board's membership as at 31 March 2019 was as follows:-

Employer representatives:

ACFO Rick Hylton (Chair)
Steve Beaton
Area Commander Chris Parker (Succession)

Employee representatives:

John Tyrell (Vice Chair)

Rob Allport

Conflicts of interest

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

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

Local Pension Board Member Training

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

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

Board members must also have knowledge and understanding of-

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

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

Degree of Knowledge and Understanding

Members of the Local Pension Board are expected to be conversant with the rules and policies of the Firefighter Pension Schemes. "Being conversant with" implies a working knowledge of what is relevant to the subject under discussion. A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the Firefighter Pension Scheme regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by the Pensions Regulator;
- and any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator

Areas of Knowledge and Understanding

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

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

Training Strategy and Policy

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

The approach of the training strategy is summarised below:-

- Credits are awarded for attendance at Board meetings and formally arranged training sessions and other relevant events which increase knowledge of the Firefighter Pension Schemes;
- Board members are expected to complete the Pension Regulator's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members;
- Assessments of member's knowledge and skills may be used to determine areas for further training. Officers will maintain a record of the credits obtained by each individual member;
- The approach to training will be flexible, in order to recognise the ever changing landscape of Firefighters Pension Schemes;
- Training will be delivered in a way that complements the current activities or projects undertaken by the Scheme Manager and/or Pensions Administrators.

This year the Board have received the following training:-

| Date | Event/Training |
|------------------|--|
| 15 May 2019 | Firefighter and Police Local Pension Board Conference |
| 19 June 2019 | Ill Health & Injury Workshop |
| 18 July 2019 | Pensionable pay workshop: Firefighters' Pensions |
| 24-25 Sept 2019 | Fire Pensions Annual Conference |
| 02 October 2019 | Local Pension Board Training Day (New Scheme Members' Session) |
| 12 November 2019 | LGA Pension Tax Course |

All board members passed all of the 7 modules of the Pensions Regulator's online Public Service toolkit. The topics are:-

- Conflicts of Interest
- Managing Risk and Internal Controls
- Maintaining Accurate Member Data
- Maintaining Member Contributions
- Providing Information to members and others
- Resolving Internal Disputes
- Reporting Breaches of the law

Outcomes and recommendations

Decisions about the running of the Pension Schemes are made by Deputy Chief Executive Officer who is delegated to carry out that function by the Fire Authority in its capacity as the Scheme Manager for the Firefighter Pension Schemes.

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

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

| Area | Action |
|--|--|
| Pension Members understanding of the various schemes | Spoke with staff to gain knowledge of levels of overall understanding/awareness and produced guidance/training package to support moving forwards. |
| Assurance regarding ensuring quality of data | Liaison meeting with LGSS Head of Pensions to raise a number of issues; Annual Benefit Statements were checked and reissued where necessary. Data Quality review undertaken and LGSS committed to preparing a Data Improvement Plan and a payroll to admin reconciliation (agreed in principle to begin April 2020). |
| Supported changes to pensionable benefits | Pension tax presentation delivered to CFRS staff. |
| Member Self Service | Following consultation with LGSS this is scheduled to be introduced later this calendar year for Firefighters. |
| Risk Register | Liaison with Business Development & Risk Manager to put LPB Risk Register into RAG rated format and add to Central Risk Register as/when required. |
| Staff opting out | LPB decision for CFRS to record (where possible) the reasons for staff opting out of pension schemes; following liaison with LGSS request for this information has been added to the relevant form. |
| Issues Log | Creation of an issues log identifying areas for a watching brief that are not direct risks to the LPB or the scheme (therefore |

| | |
|----------------------------|---|
| | are not appropriate for the Risk Register). This is reviewed at each meeting. |
| Annual Benefits Statements | Assurance sought and received from LGSS that all have received these. |

Future Dates of Meetings

The Board agreed to the following meeting dates for the next year:

29 January 2020

29 April 2020

29 July 2020

4 November 2020