



## Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 March 2015
<b>OFFICER</b>	Lynne Swift, Director of People and Organisational Development
<b>LEAD MEMBER</b>	Councillor Roger Reed
<b>SUBJECT OF THE REPORT</b>	<b>Firefighters' Pension Scheme 2015: Proposed new governance arrangements</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report sets out proposed governance arrangements for the Firefighters' Pension Scheme 2015 which is launched from 1 April 2015.</p> <p>There are three main elements to governance arrangements for the new Firefighters' Pension Scheme 2015 which are outlined in Annexe 1, these are:</p> <ol style="list-style-type: none"> <li>1. Setting up a single national Scheme Advisory Board</li> <li>2. A published employer cost cap</li> <li>3. Local Pension Boards in each fire and rescue authority area</li> </ol> <p><i>Elements 1 and 2 are DCLG responsibilities.</i></p> <p>The Authority is required to establish a new body known as a Local Pension Board to assist the Authority in its role as 'Scheme Manager'. As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Scheme.</p> <p>Appendix 2 is a DCLG schematic which summarises the governance structure for the Firefighters' Pension Scheme 2015. DCLG consultation on governance arrangements ran from 10 October 2014 and closed on 21 November 2014. The Authority's response can be found via a link in the 'Background Papers' section of this report.</p> <p>At the time of writing this report, final confirmation of the governance regulations are awaited and this may adapt the report and Annexe 1 slightly.</p> <p>The report focuses on the Authority's requirements in relation to the Local Pension Board.</p>
<b>ACTION</b>	Decision.

<p><b>RECOMMENDATIONS</b></p>	<p>It is recommended that the Executive Committee:</p> <ol style="list-style-type: none"> <li>1. Approve the proposal for the Authority's Firefighters' Pension Scheme 2015 governance arrangements in relation to the Local Pension Board, as set out in the Terms of Reference and Annexe 1.</li> <li>2. Approve delegated authority to the CFO/CE to set up the Authority's Local Pension Board by 1 April 2015.</li> <li>3. Note the recommendation that the Local Pension Board reports, as a minimum annually, to the appropriate Authority Committee.</li> <li>4. Note the governance arrangements will be reviewed at the end of 2015 in conjunction with future pension administration arrangements.</li> </ol>
<p><b>RISK MANAGEMENT</b></p>	<p>Initial risk assessment has identified potential risks as follows:</p> <p><b>Regulations:</b> Late confirmation of the final Regulations and employer cost cap means a very tight timeframe to implement the governance Regulations by the deadline 1 April 2015.</p> <p>Mitigations include the LGA providing template Terms of Reference (Appendix 1), guidance notes and advice and extra resource allocated to administration.</p> <p><b>Board membership:</b> There is the potential for a lack of interest shown by employer and scheme members to be appointment to the Board and for those with the right capacity to represent employer or scheme members.</p> <p><b>Training:</b> Detailed understanding will be required for members of the Local Pension Board. The initial learning curve and specialist knowledge requirements will be significant.</p> <p>This is mitigated by national training events scheduled for June 2015.</p> <p><b>Administration:</b> The local governance arrangements proposal appears to create administrative burden and increased bureaucracy with little added benefit.</p> <p>Improving this position will form part of the proposed review at the end of 2015 where Joint Boards could be considered as an option.</p> <p><b>External expertise:</b> To ensure all governance requirements are met on technical topics such as pensions, it has been arranged for external pension's experts to scrutinise the proposals for setting up, operation and reporting to the Authority for the Local Pension Board.</p>

<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>There will be funding implications; however exact amounts have yet to be determined.</p> <p>It is confirmed that all costs associated with the Local Pension Board will be for the employer to pay. This will need to be funded from existing budget for 2015/16.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The Public Service Pensions Act 2013 gives the Secretary of State powers to make regulations to prescribe that each scheme have a Pension Board in place to "assist the Scheme Manager in ... compliance" with, as a minimum, scheme regulations and the Pension Regulator's requirements.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>There are no health and safety implications.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>Equality and diversity requirements will be included and accounted for with any potential Local Pension Board makeup.</p>
<p><b>USE OF RESOURCES</b></p>	<p><b>Communication with stakeholders:</b> Stakeholder communication is a significant element of successful implementation of the Firefighters' Pension Scheme 2015 and the appointment and development of an effective Board. Communications with scheme members are planned for February and March 2015.</p> <p><b>The system of internal control:</b> Regular reports will be provided to the Strategic Management Board, and annually to the appropriate Authority Committee.</p> <p><b>The balance between spending and resources:</b> Funding for additional expenditure needs to be identified. Training requirements have been established with national training events scheduled for June 2015 and will be supported by the Pension Regulator learning publications.</p> <p>Reasonable facilities time will need to be managed to allow members of the Local Pension Board to effectively carry out their role.</p> <p><b>The arrangements to promote and ensure probity and propriety:</b> Current audit arrangements and service level agreements will be revised as appropriate to ensure compliance.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>19 November 2014 Executive Committee paper: Response to consultation on Firefighters' Pension Scheme 2015: Proposals for new governance arrangements</p> <p><a href="http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf">http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf</a></p> <p>Independent Public Service Pensions Commission:</p>

Firefighters' Pension Scheme 2015: Proposed new governance arrangements

	<p>final report by Lord Hutton, published 10 March 2011  <a href="http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf">http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf</a></p> <p>Public Services Pensions Act 2013  <a href="http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act">http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act</a></p>
<b>APPENDICES</b>	<p><b>Annexe 1</b> – Firefighters' Pension Scheme 2015: Proposals for new governance arrangements</p> <p><b>Appendix 1</b> – Draft Terms of Reference for the Local Pension Board</p> <p><b>Appendix 2</b> – DCLG Schematic governance structure</p>
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Lynne Swift, Director of People and Organisational Development</p> <p><a href="mailto:lswift@bucksfire.gov.uk">lswift@bucksfire.gov.uk</a></p> <p>01296 744679</p>