

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the NORTH WALES FIRE AND RESCUE AUTHORITY will be held MONDAY 9 NOVEMBER 2020 virtually via Zoom. The meeting will commence at 10.00am.

Yours faithfully

Colin Everett
Clerk

AGENDA

- 1. Apologies**
- 2. Declarations of Interest**
- 3. Notice of Urgent Matters**
Notice of items which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act, 1972.
- 4. Notes of cancelled March 2020 meeting and ratification of decisions taken**
- 5. Matters Arising**
- 6. Chair's Report**
- 7. Covid-19 Update**
- 8. Draft Assessment of the Authority's Performance 2019/20**
- 9. Improvement and Well-being Plan 2021/22**
- 10. Preparation for the UK's Withdrawal from the European Union (Brexit)**
- 11. Legal Challenge to the 2015 Pension Reforms**
- 12. Firefighters Pension Schemes Local Pension Board – Annual Report 2019-20 and updated Terms of Reference**

- 13. Firefighters Pension Schemes Discretionary Policy Statement**
- 14. Internal Audit Annual Report 2019/20**
- 15. Audited Statement of Accounts and Annual Governance Statement 2019/20**
- 16. Treasury Management Activity and Actual Prudential Indicators for 2019/2020**
- 17. Treasury Management and Prudential Indicators**
- 18. Provisional Outturn 2020/21**
- 19. Medium Term Financial Strategy 2021/24 and Budget 2021/22**
- 20. Principal Officers' Pay Award 2020**
- 21. Members' Remuneration Scheme**
- 22. Appointment of a Fire and Rescue Authority Member to serve on the Standards Committee**
- 23. Urgent Matters**

To consider any items which the Chair has decided are urgent (pursuant to Section 100B (4) of the Local Government Act, 1972) and of which substance has been declared under item 2 above.

PART II

It is recommended pursuant to Section 100A (4) of the Local Government Act, 1972 that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that there would be disclosed to them exempt information as defined in Paragraph(s) 12 to 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

- 24. Pension Treatment of Elements of Pay**

**North Wales Fire and Rescue Authority meeting scheduled for
16 March 2020 cancelled due to Covid 19**

Due to the unprecedented situation with Covid 19, the Chair in conjunction with the Chief Fire Officer and Clerk made the decision, on Wednesday 11 March 2020, to cancel the Authority's meeting scheduled for 16 March.

An email was sent out to all members from the Chair of the Authority notifying them of the situation and stating that the reports would be sent to them as usual. In the email, the Chair stated as follows:

"I propose that those items which require some form of Authority approval, particularly where they are subject to a deadline, be considered as approved under delegated authority unless there is any objection notified to us by any Member by the end of Friday 13 March 2020."

The reports were duly sent out on Wednesday 11 March 2020, with a note stating that "the reports noted below required full Authority approval. Therefore, they will be published in accordance with the relevant legislation deadlines but with a note stating that they are pending full Authority ratification".

1. Improvement and Well-Being Plan 2020/21
2. Capital Strategy and Treasury Management
3. Pay Policy Statement 2020/21
4. Strategic Equality Plan: The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011

No comments were received from Members in relation to the reports.

In order to have a record of the actions and decisions agreed, the following has been approved by the Chair in conjunction with the Chief Fire Officer and Clerk.

- 1 CHAIR'S REPORT
 - 1.1 Information noted.
- 2 AUDIT PLAN 2020
 - 2.1 The audit plan 2020 for North Wales Fire and Rescue Authority was submitted for consideration. The plan sets out the Wales Audit Office's proposed work for the coming year as well as its fee.
 - 2.2 The information contained in the report including that the fee for the WAO's work will be £60,309 is noted.

3 IMPROVEMENT AND WELL-BEING PLAN 2020/21

3.1 The Improvement and Well-being Plan 2020/21 was submitted for approval.

3.2 The Fire and Rescue Authority (the Authority) is required to publish improvement and well-being objectives and to have involved the public and other stakeholders in the process of developing those objectives. The objectives within the plan have been revised and expanded following feedback from the Well-being of Future Generations Commissioner.

3.3 The Plan requires formal approval by the Authority. However, the Chair has used his delegated authority to approve the plan for publication in order to achieve the publication requirement as set out in the Local Government (Wales) Measure 2009. The plan will therefore be published with an addendum stating that it will be retrospectively ratified by the Authority at the next appropriate meeting.

4 PROVISIONAL OUTTURN 2019/20

4.1 This report was to inform members of the projected revenue and capital expenditure position, as at 27 February 2020.

4.2 Noted that the Authority is forecast to fully utilise its revenue budget of £35.2m during 2019/20; and is forecasting a capital expenditure of £1.2m during 2019/20.

5 CAPITAL STRATEGY AND TREASURY MANAGEMENT

5.1 The report had been presented to the Audit Committee on the 27 January 2020 in order for its members to review the contents before submission to the Fire and Rescue Authority. The Audit Committee is tasked with ensuring effective scrutiny of the treasury management strategy and policies and based on its findings make recommendations to the Fire and Rescue Authority. Following a presentation highlighting the key areas of the report Members of the Audit Committee recommended the report for approval by the Fire and Rescue Authority.

5.2 As this report has been scrutinised by the Audit Committee and recommended for approval, it has been agreed that this report can be submitted for formal retrospective ratification by the Authority at the next appropriate meeting.

- 6 GOVERNANCE AND FINANCE ARRANGEMENTS FOR FRAS IN WALES
- 6.1 A verbal update was due to be provided at the meeting by the Chief Fire Officer. Members will be kept informed of any developments via e-mail.
- 7 PAY POLICY STATEMENT 2020/21
- 7.1 In accordance with the Localism Act 2011, the Fire and Rescue Authority is required to prepare an annual pay policy statement for approval before the commencement of the financial year to which it relates.
- 7.2 It has been agreed that this report will be presented for ratification by the Authority at the next appropriate meeting.
- 8 STRATEGIC EQUALITY PLAN: THE EQUALITY ACT 2010 (STATUTORY DUTIES) (WALES) REGULATIONS 2011
- 8.1 The Fire and Rescue Authority is required to publish a Strategic Equality Plan with equality objectives every four years, in accordance with the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.
- 8.2 The Plan requires formal approval by the Authority. However, the Chair has used his delegated authority to approve the plan for publication in order to achieve the publication requirement in accordance with the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. The plan will therefore be published with an addendum stating that it will be retrospectively ratified by the Authority at the next appropriate meeting.
- 9 STANDARDS COMMITTEE'S ANNUAL REPORT AND TERMS OF REFERENCE
- 9.1 As a matter of good corporate governance the Standards Committee provides the Authority with an annual report on its activities during each financial year.
- 9.2 The report contained several recommendations as follows:
- (i) note the Standards Committee's annual report for 2019/20;
 - (ii) approve the revised terms of reference for the Standards Committee;

- (iii) place on record the Authority's thanks to Antony P Young for being a member of the Committee for eight years and request the Chair write a letter of thanks;
- (iv) appoint a new elected member to the Standards Committee;
- (v) confirm the term of office for Gill Murgatroyd as 4 years from 1 September 2019.

9.3 It has been agreed that this report will be presented for ratification by the Authority at the next appropriate meeting.

PART II REPORT

10 PENSION TREATMENT OF ELEMENTS OF PAYS

- 10.1 This report was to be discussed under part II conditions and was to inform Members of the Fire and Rescue Authority (the Authority) of the background to a litigation risk arising from the pension status of certain elements of pay for employees who are members of the Firefighters' Pension Scheme.
- 10.2 The report summarised confidential and legally privileged legal advice received in relation to the litigation risk and sought Members' approval to enter into a negotiated settlement. It is not proposed that legal privilege is waived by providing a summary of that advice in this report to the Authority.
- 10.3 The recommendations included noting the background to the litigation risk and the confidential and legally privileged legal advice received.
- 10.4 In terms of the recommendation 'to seek Members' approval for officers to enter into negotiations to resolve this matter prior to litigation being commenced against the Authority, or in the event that litigation is commenced that officers seek to negotiate a settlement in relation to that litigation'. The Chair has used his delegated authority to enable officers to progress this matter.

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Not applicable
Contact Officer	Alwen Davies (01745 535286)
Subject	Chair's Report



PURPOSE OF REPORT

- 1 To give Members an indication of the Chair and Deputy Chair's involvement with NWFRS and external partners during the Covid-19 pandemic.

EXECUTIVE SUMMARY

- 2 The Chair's report has routinely been an opportunity to update Members about the meetings and events attended by the Chair and Deputy Chair. However, in light of the Covid-19 impact on 2020, this report pays tribute to all members of staff of NWFRS for their hard work since March 2020.

RECOMMENDATION

- 3 That Members note the information provided.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 This report has not previously been considered.

INFORMATION

- 5 In light of the rapidly developing Covid 19 pandemic, I decided in conjunction with the Clerk and Chief Fire Officer to cancel the Authority meeting scheduled for 16 March. I am sure that Members will agree that it was a wise decision and that dealing with the reports scheduled for the March meeting via email approval was the best way forward. However, you will note that some reports require the Authority's endorsement and they will therefore be on the agenda for today's meeting.

- 6 Members will no doubt agree that the Authority can be proud of all NWFRS staff and how they have worked to continue delivering services wherever possible albeit in a completely different manner. Staff had to adapt to remote working 'overnight' and where possible have undertaken their duties from home. Safe and well checks have been conducted via telephone appointments, calls to the Control Room have continued to be answered albeit in a different environment and we are extremely grateful to the firefighters who have continued to attend the workplace and respond to all incidents.
- 7 In terms of the role of Chair, several meetings have been held with the Deputy Minister for Housing and Local Government, initially via telephone and thereafter virtually. These meetings were held on 18 March, 31 March, 3 June, 25 June and 17 September. At the 3 June meeting, the Deputy Minister placed on record her "thanks for all of the work that FRAs and firefighters had undertaken in the last few months, praising their resilience and dedication during the crisis".
- 8 In addition to the Chief Fire Officer's e-mail updates to Members, regular meetings have been held between Chair, Deputy Chair and Chief Fire Officer, over the last eight months.
- 9 The Chair has also attended the NJC for Local Authorities FRS pay claim consultation meeting on 14 July and the North Wales Regional Leadership Board meeting on 9 October.

IMPLICATIONS

Wellbeing Objectives	Not relevant.
Budget	Any costs associated with meetings and events attended by members are reimbursed from the travel and subsistence budget.
Legal	No specific implications arise from approving the recommendation.
Staffing	No specific implications arise from approving the recommendation.
Equalities/Human Rights/ Welsh Language	No specific implications arise from approving the recommendation.
Risks	No specific risks arise from approving the recommendation.

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Simon Smith, Chief Fire Officer
Subject	Covid-19 Update



PURPOSE OF REPORT

- 1 This report advises Members of the activities of the North Wales Fire and Rescue Service since the outbreak of the coronavirus pandemic in March 2020. Appendix 1 provides a brief overview of operational statistics covering the period of the pandemic to date.

EXECUTIVE SUMMARY

- 2 This report provides detail on the actions of the Service following the coronavirus outbreak in 2020 up to the end of October.

RECOMMENDATIONS

- 3 That Members note the contents of this report.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 This report has not previously been considered by Members.

BACKGROUND

- 5 Earlier this year, on 12th March, as it became clear that the United Kingdom was facing an unprecedented health emergency, the Service's Business Continuity group was instructed to begin the process of locking down the Service in advance of the national lockdown announced later that month. The key strategic aims at this point, and which continue to determine the Service's overall response, were:- to protect the health of the communities of North Wales; to protect the health of members of the Service and to deliver as normal an operational service as the circumstances permitted.
- 6 The scheduled Fire and Rescue Authority meeting in March was cancelled as were upcoming meetings throughout the spring and summer. This decision was taken in view of the expected high levels of activity and involvement of both Members and officers in dealing with the coronavirus outbreak together with the need to develop technology solutions and protocols to ensure that Authority meetings were not compromised. The introduction of The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 provided a

legislative basis for the change to the normal working arrangements of the Authority. Work alongside key partners in the other emergency services, local authorities, government and the health service occupied the majority of officer time in the spring and early summer period as the Service played its full part in the national collective effort. One notable feature of the early days of the pandemic was that a number of former employees offered their services on a voluntary basis. In a limited number of cases, their offer was accepted.

- 7 Within a short space of time the Service was able to achieve a position of almost universal home working for those members of staff whose role allowed for it. Solutions to the technical and logistical problems created by this shift of emphasis were invariably found by members of staff who worked both creatively and tirelessly in response. Hand-in-hand with increased home working it was important that internal communication was effective and that measures were put in place to deal with not only physical but mental health issues. Our frontline premises (fire stations, Service control, fleet workshops and equipment stores) were, in parallel, made as secure from coronavirus as possible in order to continue to provide the full range of services across North Wales. Inevitably, it was necessary to curtail or cease some activities in support of the strategic aims. Recruitment was effectively put on hold across the Service and impacted, in particular, the recruitment of whole-time, retained and new apprentice staff. Continuation training was suspended until a properly organised programme that took account of coronavirus safety requirements could be developed. Home safety visits were carried out by telephone where possible and were targeted at those most at risk.

INFORMATION

- 8 At the time of writing, it is gratifying to record that there has been a minimal direct effect on the workforce due to coronavirus. Only five members of staff have had a positive test for coronavirus as of the end of October. Naturally, it is likely that a much greater number will have had the virus without being tested and there will be others who have been asymptomatic. Additionally, members of the Service have had to self-isolate or quarantine throughout this period but at no time, to this point, has there been a significant level of absence due to the direct effects of coronavirus. There has, however, been an impact organisationally as a result of members of staff being required to shield on government advice. The effects of this were mitigated, to some extent, by arranging for a number of shielding personnel to work from home but, regrettably, it was not possible in every case.

- 9 A significant wider development was the national arrangement between the Fire Brigades Union, the National Employers and the National Fire Chiefs Council, known as the “Tripartite” agreement. This agreement facilitated a range of activities that were hitherto outside the nationally agreed job roles for firefighters in order to assist the national effort to combat the virus. Whilst used to a great extent in England and in other parts of Wales, it was not until October that North Wales Fire and Rescue Service personnel were deployed under the terms of the agreement when drivers were provided to the Welsh Ambulance Services Trust on request. It is possible that other activities, covered by the agreement, will be requested during the second wave over the autumn/winter.
- 10 One noticeable effect of the national lockdown was a marked, but temporary, increase in the availability of retained fire station personnel and, consequently, appliances. Whilst the varied reasons for this increase are almost certainly linked to the circumstances of the national lockdown it is likely that the existence of the government’s furlough scheme was the primary cause of the increase being so substantial. There is no evidence of a repeat of the increase in availability in the current local lockdown/“fire break” environment.
- 11 Specialist fire safety officers have been heavily involved in the arrangements for the introduction of temporary hospitals at three locations across North Wales. A normal hospital development will be constructed specifically to cater for non-ambulant patient evacuation, a complex and risk critical aspect that requires a high degree of skill. The need to be content with the proposed fire safety arrangements in the temporary hospitals meant the Service’s officers had to use both their technical expertise and their extensive experience to achieve a satisfactory outcome.
- 12 As national restrictions were eased during the summer officers had to consider how to respond. The approach adopted was to remain faithful to the strategic intent already set and to continue to be cautious, particularly given that most stakeholders expected there to be a “second wave” of coronavirus in the autumn and winter of 2020/21. Consequently, continuation training was reintroduced on a phased basis associated with organisational need. Face to face home safety visits were reintroduced but only in those cases where the risk to the individual was high.

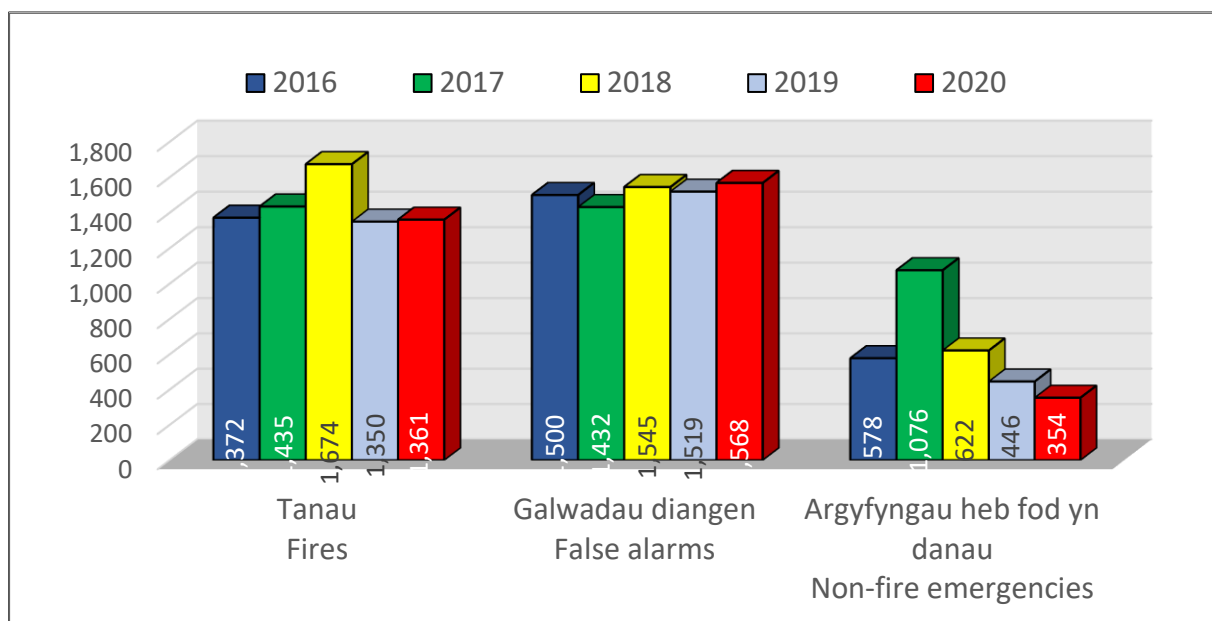
- 13 In September, preparations for the likely introduction of local lockdowns began which included a full-scale, day long exercise specifically to identify what unique problems might occur in a local lockdown and to introduce measures to mitigate those problems. At the time of writing this report, North Wales is under further restrictions following the so-called “fire break”, introduced by the Welsh Government, as the expected second wave affects the nation. The operational arrangements put in place earlier in the year are proving resilient so far but may have to be reviewed in the event of severe disruption to the Service’s operations, for example in large numbers of personnel being unable to attend work.
- 14 Whilst energies have, rightly, been concentrated on dealing with the immediate and pressing issues caused by the pandemic, there has been a recognition that ways of working will have to change when the emergency has passed. To this end, a Transition Cell has been established which will assist in developing the shape of working arrangements in the future.

IMPLICATIONS

Well-being Objectives	In its response to the pandemic to date, the Service has sought to ensure that its actions have been consistent with the long term aspiration to minimise harm to the community and staff.
Budget	There has been no significant negative impact on the budget to date although a full evaluation of the longer term issues associated with changes to working practices will be undertaken in due course.
Legal	Interim changes to the Authority’s working arrangements are permitted by the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020.
Staffing	As indicated in the report, there have been no major impacts on the staffing levels due directly to coronavirus albeit necessary changes in working arrangements for shielded staff had to be made.
Equalities/Human Rights/Welsh Language	None at this time.
Risks	The advent of a “second wave” presents a number of risks to the Authority in relation to staff health, both physical and mental. There are potential risks to the financial position of the Authority if high levels of expenditure have to be incurred during the winter months and there is no arrangement in place for recovery.

Gweithgarwch rhwng Mawrth 1^{af} a Hydref 25^{ain}
Activity between March 1st and October 25th

Aeth y Gwasanaeth at 3,283 o ddigwyddiadau brys eleni - 1% yn llai na'r llynedd.
 The Service attended 3,283 emergency incidents this year - 1% fewer than last year.



Tanau

Fires

Bu gostyngiad eleni yn nifer y prif danau, ond cynnydd o dros 10% yn nifer y tanau eilaidd yr aethpwyd atynt.

There was a reduction in primary fires this year, but an increase of over 10% in the number of secondary fires attended.

	2019	+/-			2020	
Prif danau	634	↓	-59	-9%	575	Primary fires
Tanau eilaidd	650	↑	+66	+10%	716	Secondary fires
Tanau simnai	66	↑	+4	+6%	70	Chimney fires
Cyfanswm	1,350	↑	+11	+1%	1,361	Total



Tanau mewn anheddau

Fires in dwellings

Pob blwyddyn mae cyfran sylweddol o danau domestig yn cychwyn o ganlyniad i goginio, ac yn aml maent yn gallu arwain at anafiadau. Er bod mwy o bobl wedi treulio amser gartref yn ystod y cyfnod clo cynnar, dim ond cynnydd bach iawn a gafwyd yn y math yma o danau, o bosibl oherwydd bod pobl wedi bod yn fwy gwyliadwrus nag arfer. Gall y ffaith fod pobl gartref i allu rhagweld problemau cyn iddynt ddatblygu hefyd fod wedi cyfrannu at y gostyngiad o 47% yn nifer y tanau a achoswyd gan declynnau neu beiriannau domestig diffygiol.

Every year a significant proportion of domestic fires start as a result of cooking, and can often lead to injuries. Despite more people spending time at home during the early lockdown, there was only a marginal increase in these types of fires, possibly because people were being more vigilant than usual. The fact that people were at home to anticipate problems before they developed may have contributed also to the 47% reduction in the number of fires caused by faulty domestic equipment or appliances.

	2019	+/-			2020	
Holl danau damweiniol mewn anheddau	230	↑	+ 10	+ 4%	240	All accidental fires in dwellings
Oherwydd coginio	85	↑	+ 1	+1%	86	Due to cooking **
Oherwydd nam ar offer neu declyn	45	↓	-21	-47%	24	Due to faulty equipment or appliance**

**damweiniol a bwriadol / accidental and deliberate



Tanau damweiniol

Accidental fires

Gall cynnydd mewn gwaith cynnal a chadw o gwmpas y cartref yn ystod y cyfnod clo fod wedi cyfrannu at y cynnydd mewn tanau mewn gerddi, siediau gardd a garejys preifat, yn ogystal â mewn sbwriel rhydd (gan gynnwys mewn gerddi) a chynwysyddion sbwriel mawr (e.e. sgipiau).

An increase in home maintenance during the lockdown period may have contributed to the increase in fires in private gardens, garden sheds and garages, and also in loose rubbish (including in gardens) and large refuse containers (e.g. skips).

	2019	+/-			2020	
A gychwynnodd yn y gegin, ystafell fyw neu ystafell wely*	279	↓	-47	-17%	232	That started in the kitchen, living room or bedroom**
Mewn gerddi a rhandiroedd	7	↑	+17	+243%	24	In gardens and allotments
Mewn siediau gardd preifat	8	↑	+5	+63%	13	In private garden sheds
Mewn garejys preifat	6	↑	+8	+133%	14	In private garages
Mewn sbwriel rhydd	103	↑	+49	+48%	152	In loose refuse
Mewn cynwysyddion sbwriel mawr	14	↑	+12	+86%	26	In large refuse containers

**damweiniol a bwriadol / accidental and deliberate



Tanau eilaidd

Secondary fires

Er i'r nifer o danau eilaidd gynyddu eleni, roedd canran is nag arfer ohonynt wedi cael eu cynnau yn fwriadol.

Although secondary fires increased this year, a lower proportion than usual of them had been started deliberately.

	2019	+/-			2020	
Damweiniol	351	↑	+141	+40%	492	Accidental
Bwriadol	299	↓	-75	-25%	224	Deliberate
Cyfanswm	650	↑	+66	+10%	716	Total



Archwiliadau Diogel ac Iach

Safe and Well Checks

Ni fu'n bosibl cwblhau cynifer o Archwiliadau Diogel ac Iach ag arfer eleni, ond o'r rhai a gwblhawyd, targedwyd cyfran uwch at yr aelwydydd hynny lle'r ystyriwyd bod y risg tân yn uchel.

It was not possible to complete as many Safe and Well Checks as usual this year, but of the ones that were completed, a greater proportion were targeted at those households where the fire risk was considered to be high.

	2019	+/-			2020	
Yr holl archwiliadau	12,266	↓	-3,544	-29%	8,722	All checks
Mewn cartrefi risg tân uchel	7,067	↓	-1,032	-15%	6,035	In high fire risk households
Y ganran a oedd mewn cartrefi risg tân uchel	58%	↑	-	-	69%	The percentage that were in high fire risk households




Ar y ffordd

On the roads

Bu lefelau traffig ar y ffordd yn is yn ystod y cyfnod hwn, ac o ganlyniad cafwyd gostyngiad yn nifer y tanau cerbyd neu wrthdrawiadau rhwng cerbydau y bu'n rhaid i'r Gwasanaeth ddelio â nhw. Yn ddiddorol, bu gostyngiad sylweddol hefyd yn nifer y tanau bwriadol mewn cerbydau.

Road traffic levels were lower during this period, which had the effect of reducing the number of times the Service was called to deal with a vehicle fire or a collision. Interestingly, there was also a significant reduction in the number of deliberate vehicle fires.

Mewn cerbydau	2019	+/-			2020	In vehicles
Tanau damweiniol	136	↓	- 45	-33%	91	Accidental fires
Tanau bwriadol	53	↓	-16	-30%	37	Deliberate fires
Gwrthdrawiadau traffig ar y ffordd	135	↓	-71	-53%	64	Road traffic collisions

Report to	Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Shân Morris, Assistant Chief Officer (Corporate Policy and Planning)	
Contact Officer	Pippa Hardwick, Corporate Planning Manager	
Subject	Draft Assessment of the Authority's Performance 2019/20	

PURPOSE OF REPORT

- 1 To present for Members' approval a draft assessment of North Wales Fire and Rescue Authority's performance during 2019/20 in relation to:
 - (i) its progress towards achieving its long-term Improvement and Well-Being Objectives, and medium-term Equality Objectives; and
 - (ii) its compliance with applicable Welsh Language Standards.

EXECUTIVE SUMMARY

- 2 The Authority made good progress last year towards meeting its long-term improvement and well-being objectives. This was achieved in part through the successful delivery of the planned actions outlined in the Authority's published Improvement and Well-being Plan for 2019/20.
- 3 Steady progress was also made during the year towards achieving the Authority's 2016-20 equality objectives; and the Authority continued to comply with the applicable Welsh Language Standards.

RECOMMENDATION

- 4 That Members:
 - (i) retrospectively approve the draft assessment of the Authority's performance in 2019/20 (subject to minor additions and corrections if required) which has already been published on the Authority's website by the statutory deadline of 30/10/2020; and
 - (ii) note the Service's intention to publish a simple summary version of the key elements of the assessment report.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 5 This report has not previously been considered by Members.

BACKGROUND

- 6 The Authority is required under various pieces of legislation to give a public account of its performance, progress and compliance. These pieces of legislation include:
- i. the Well-being of Future Generations Act 2015 which requires the Authority to set and publish objectives that will contribute to improving local well-being and to moving Wales closer to achieving its well-being goals. Having set these long-term objectives, the Authority must take all reasonable steps to pursue them and to report publicly after the end of each financial year on the progress it has made.
 - ii. the Local Government (Wales) Measure 2009 which requires the Authority to set and publish improvement objectives and to publish performance information annually by 31 October in relation to the preceding financial year.
 - iii. the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 which require the Authority to produce a strategic equality plan and to report annually by 31 March on the progress that it has made towards fulfilling its equality objectives.
 - iv. the Welsh Language (Wales) Measure 2011 which requires the Authority to comply with Welsh Language Standards and to report annually by 30 September on its compliance with those Standards.
- 7 For convenience, reporting against all four of the above has been incorporated within a single document for publication on the Authority's website.

INFORMATION

- 8 The introductory sections of this year's Annual Performance Assessment Report (Appendix 1) describe the legal requirements for reporting and present information about the area covered by the Authority. This provides context to aid understanding of the Authority's provision of services and its contribution to the well-being of North Wales communities. Reference is also made to the findings of the public services boards' well-being assessments.
- 9 The middle section of the assessment report gives a detailed account of the specific actions that the Authority took last year to meet its two long-term improvement and well-being objectives. Responding to recent recommendations from the Well-being of Future Generations Commissioner's office, more emphasis has been placed in this year's report on narrative and case studies that demonstrate the real difference that the Authority's work makes to people's lives.

- 10 Fourteen actions that the Authority planned for the year were achieved. The 5% shortfall in the number of safe and well checks delivered during the year was counterbalanced by having 30% of those checks directed at more vulnerable households through referrals from partner organisations. The target for the year had been to achieve at least 25% from referrals.
- 11 This middle section of the assessment report also presents information on the Authority's compliance with the Welsh Language Standards. As at 31 March 2020, almost 83% of the Service's 866 employees had self-assessed or been assessed as having at least some Welsh language skills, with 34% categorised as fluent Welsh speakers. Of new or vacant posts advertised during the year 41% had been categorised as "Welsh essential". For the third year in succession, no complaints had been received during the year in relation to the Welsh language. The many steps taken by the Authority to promote the Welsh language and proactively encourage a language choice for all staff and Service users are also described in this section.
- 12 Given the September deadline for reporting against the Welsh Language Standards, this information was published on the Authority's website in that month, and is included again for convenience in the annual performance assessment report.
- 13 The progress that was made during 2019/20 towards meeting each of the Authority's six strategic equality objectives is also described in this middle section of the assessment report. Through a range of actions the Authority has been able to contribute to improving aspects of people's lives under each one of the subject areas of: life and health; employment; education; personal safety; representation and voice; and access to services, information and buildings.
- 14 The final sections of the assessment report include performance indicator information in the Welsh context and an account of how the Authority has met its commitments under the 'All-Wales Dwelling Fires Response Charter'. Activity during the year included:
- handling 12,304 emergency 999/112 calls;
 - attending 4,872 emergency incidents, of which 1,950 were fires;
 - responding to 82% of dwelling fires in under 15 minutes (which includes both the time taken for personnel to turn in to the fire station and the travel time to the incident);
 - delivering fire safety talks in schools to 21,251 children and young people at key stages 1 to 4.

- 15 Additional information at the end of the assessment report includes the outcome of work undertaken by Audit Wales that looked specifically at how the Authority involves stakeholders when proposing service and policy changes, and in the design of activities. Focusing on two specific areas of the Service's recent work to a) reduce the incidence of arson and b) design and develop an on-line educational resource hub, Audit Wales concluded that although there was room to develop a more integrated approach to involvement, the Authority had pockets of good engagement activity on which to build.

IMPLICATIONS

Well-being Objectives	This assessment describes the Authority's progress during 2019/20 in relation to achieving its adopted long-term improvement and well-being objectives.
Budget	None identified.
Legal	The combined document discharges the Authority's duties under: the Local Government (Wales) Measure 2009; the Well-being of Future Generations Act 2015; the Equality Act 2010 and the (Statutory Duties) (Wales) Regulations 2011; and the Welsh Language (Wales) Measure 2011.
Staffing	None identified.
Equalities/Human Rights/ Welsh Language	Implications for the protected characteristics are covered within the draft assessment.
Risks	None identified.

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Shân Morris, Assistant Chief Officer (Corporate Policy and Planning)
Contact Officer	Pippa Hardwick, Corporate Planning Manager
Subject	Improvement and Well-being Plan 2021/22



PURPOSE OF REPORT

1. To confirm the basis of the Fire and Rescue Authority's Improvement and Well-Being Plan for 2021/22.

EXECUTIVE SUMMARY

2. Every March the Fire and Rescue Authority (the Authority) publishes a Plan for the following financial year, setting out its agreed improvement and well-being objectives and outlining its contribution towards achieving them during the year.
3. Although current legislation does not stipulate how often a public body's strategic objectives should change, there is an expectation that they are reviewed annually and changed or amended if necessary.
4. Over the coming weeks officers will be preparing the Authority's Improvement and Well-Being Plan 2021/22 for final approval by Members in March 2021. To this end the Authority needs to confirm whether it wishes to continue to pursue the objectives that it adopted in March 2020, or a revised set.
5. In view of how recently the Authority adopted its current set of objectives, the inevitable limiting effect of the Covid-19 pandemic on progress during this year, and the likely change of Authority membership after Local Government elections in May 2022, it is recommended that the Authority carries over its existing objectives into 2021/22.

RECOMMENDATION

6. That Members approve the development of a draft Improvement and Well-being Plan 2021/22 that is based on a continuation of the Authority's current set of improvement and well-being objectives as listed in paragraph 12.

BACKGROUND

7. Fire and rescue authorities in Wales are required to publish improvement objectives in accordance with the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015.
8. By law the Authority must endeavour to improve its services in the short term and consider the well-being of future generations of people in the longer term. The Authority's adopted well-being objectives must contribute towards Wales's well-being goals, and the Authority must be able to demonstrate that it is taking all reasonable steps (in exercising its functions) to achieve its stated objectives.
9. Guidance issued in relation to the Well-being of Future Generations Act states that public bodies may decide to change one or more of their well-being objectives, but any new objectives should be based on the extent to which they maximise the public body's contribution to the well-being goals for Wales.
10. The seven well-being goals for Wales are to achieve: a healthier Wales; a resilient Wales; a prosperous Wales; a more equal Wales; a Wales of cohesive communities; a Wales of vibrant culture and thriving Welsh language; and a globally responsible Wales.
11. In response to feedback from the Future Generations Commissioner in 2019 the Authority adopted a revised and expanded set of objectives from 2020/21 onwards that was more explicitly aligned to the well-being goals for Wales.
12. The Authority's revised improvement and well-being objectives are:
 - **Objective 1:** to work towards making improvements to the health, safety and well-being of people in North Wales.
 - **Objective 2:** to continue to work collaboratively to help communities improve their resilience.
 - **Objective 3:** to operate as effectively and efficiently as possible, making the best use of the resources available.
 - **Objective 4:** to continue to identify opportunities to encourage greater engagement with people, communities, staff and stakeholders.
 - **Objective 5:** to maintain a suitably diverse, resilient, skilled, professional and flexible workforce.
 - **Objective 6:** to develop ways of becoming more environmentally conscious in order to minimise the impact of our activity on the environment.
 - **Objective 7:** to ensure that social value and sustainability are considered, including during procurement processes.

13. There is flexibility in the Well-being of Future Generations Act for public bodies to set their well-being objectives in a way that suits their role and functions, but the Act does require annual assessments of whether or not those well-being objectives are still appropriate. The full review of the Authority's current seven objectives is therefore not required until after the end of the 2020/21 year.


INFORMATION

14. At Planning Working Group meetings in early 2020 Members discussed areas for possible future direction, and focused on two subject areas: developing an environmental strategy; and the potential implications of anticipated changes to the Authority's fire safety enforcement role.
15. Aspects of environmental strategy development at national, regional and local levels were interrupted this year by the Covid-19 pandemic. These are now gradually recommencing, and the Welsh Government's policy commitment to achieving a carbon-neutral public sector by 2030 remains.
16. The Authority's environmental work is already covered by Objective 6, so there is no requirement to develop a new objective.
17. Although the Authority's future fire safety enforcement role is as yet unconfirmed, the Welsh Government has undertaken to introduce comprehensive changes to the law in relation to fire safety, building regulation and housing. A written statement by the Minister for Housing and Local Government on 23 October 2020 confirmed that the proposed changes will be set out in a White Paper early next year.
18. The Authority's fire safety enforcement role is already covered by Objective 1 (public safety) and Objective 5 (workforce skills) and consequently there is no requirement to develop a new objective.
19. The Authority's contribution to the achievement of the well-being goals for Wales can be reported through its existing objectives, therefore, without creating new objectives.
20. Bearing in mind:
 - a) how recently the Authority adopted a new set of improvement and well-being objectives (following feedback from the Well-being of Future Generations Commissioner);
 - b) the inevitable slowing effect of the Covid-19 pandemic on planned activity this year, despite good progress being made; and
 - c) the likely change of membership of the Fire and Rescue Authority following Local Government elections in May 2022;there is no compelling reason at this time to fundamentally revise or expand the Authority's set of long-term objectives.

21. Consequently, it is proposed that Members approve the development of a draft improvement and well-being plan 2021/22 based on a continuation of the Authority's current improvement and well-being objectives for approval by the full Authority in March 2021.

IMPLICATIONS

Well-being Objectives	Direct implication for agreeing the Authority's long-term objectives and the associated short-term steps towards their achievement.
Budget	There is a relationship between the Authority's plans for 2021/22 and its financial resources. The draft budget for 2021/22 will be approved in November 2020 and confirmed by mid-February 2021.
Legal	Supports compliance with improvement planning and well-being legislation.
Staffing	No known impact on staffing levels.
Equalities/Human Rights/Welsh Language	The impact of specific actions on these aspects will be assessed at the appropriate point in their development.
Risks	Reduces the risks of legal non-compliance and of failing to budget and plan appropriately.

Report to	North Wales Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Richard Fairhead, Assistant Chief Fire Officer	
Contact Officer	Richard Fairhead, Assistant Chief Fire Officer (0175 535254)	
Subject	UK's withdrawal from the European Union (Brexit)	

PURPOSE OF REPORT

- 1 To inform Members of actions being taken by North Wales Fire and Rescue Service (NWFRS) during the transition period following the UK's withdrawal from the European Union on 31 January 2020.

EXECUTIVE SUMMARY

- 2 Following the 2016 referendum on the UK's membership of the European Union (EU), NWFRS has been considering what impact the withdrawal from the EU could potentially have on the Authority and/or the Service's operations in North Wales.
- 3 Internally, meetings are being held to identify and seek to mitigate any potential issues for delivering fire and rescue services. Externally, NWFRS is working through its membership of the Local Resilience Forum (LRF) to identify and reduce any impacts for the wider community of North Wales.
- 4 Working both independently and with partner organisations NWFRS has sought to identify potential impacts and the steps that could be taken to mitigate any negative effects.

RECOMMENDATIONS

- 5 That Members note the information provided in this report.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 6 This report has not previously been considered by Members.

BACKGROUND

- 7 The outcome of the referendum held on 23 June 2016 was that the UK would leave the EU. On 29 March 2017 the UK invoked Article 50 of the Treaty on European Union (TEU) which triggered the UK's withdrawal, commonly known as Brexit, from the EU. This changed and the UK left the EU on 31 January 2020 and entered into a transition period ending on 31 December 2020.

INFORMATION

- 8 Initially planning work was undertaken during 2019 and this has continued to identify impacts and risks arising from the UK exiting the EU, and to determine and introduce mitigation measures.
- 9 A number of potential issues are generic to many parts of the public sector and relate to, for example, the potential for disruption to supply chains, and the effect of financial strain in an uncertain future following this transition period.
- 10 The Service has communicated with all members of staff reminding them of the need to consider the impact of leaving the EU on them personally and members of their family.
- 11 The Service has continued to working with LRF partners to identify combined risks or where joint working is required to minimise potential negative effects on members of the public and local communities. Specifically in North Wales consideration has been given to, for example, the road infrastructure and border control in relation to the port in Holyhead. Discussions have continued with the Strategic Co-Ordination Group.
- 12 Much of this work has been necessarily theoretical and could not realistically go beyond maintaining a watching brief pending more concrete indications of risk.

IMPLICATIONS

Wellbeing Objectives	The Authority's second well-being objective relates to facilitating high quality, responsive and better integrated fire and rescue services. Disruption to e.g. supply chains could potentially impact the Authority's ability to achieve this objective.
Budget	Potential additional strain on the Authority's budget from mitigation measures and/or effect more generally on the UK economy after the end of the transition period.
Legal	The Authority has legal duties to plan for, and seek to mitigate, risks that could affect its ability to provide its statutory services and to ensure that it has sufficient resources to do so.
Staffing	None identified.
Equalities/Human Rights/ Welsh Language	None identified.
Risks	Risks associated with continuing to deliver services and having sufficient financial resources in an uncertain post-Brexit UK economy (as above).

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Helen MacArthur, Assistant Chief Officer (Finance and Resources)
Contact Officer	Julie Brown, Pensions Manager
Subject	Legal challenge to the 2015 pension reforms



PURPOSE OF REPORT

- 1 To provide members of the Fire and Rescue Authority (the Authority) with an update on the legal challenge to the implementation of the firefighter pension scheme reforms which were effected in 2015. The successful legal challenge was brought by the Fire Brigades Union (FBU) on behalf of its members on the grounds of direct age discrimination. The outcome has implications across all public sector pension schemes.

EXECUTIVE SUMMARY

- 2 Following a lengthy legal process, the Court of Appeal ruled in favour of the claimants and the judgment issued on the 18 December 2018 confirmed that the age discrimination inherent within the 2015 pension reforms had not been justified. The case is referred to as the McCloud/Sargeant Judgment (the Judgment).
- 3 During June 2019 the Supreme Court refused the UK Government a right of appeal and the matter is now going through the employment tribunal process to determine remedy. The UK Government has confirmed that the outcome will be applicable across all UK public sector pension schemes and individual members are not required to submit claims for remedy.
- 4 To support the process of determining appropriate remedy, HM Treasury issued a consultation document on 16 July 2020. The document set out a range of options for addressing the discrimination across all public sector schemes. The submission deadline for the consultation was 11 October 2020 and the Authority response is attached at Appendix A.

OBSERVATIONS FROM THE EXECUTIVE PANEL OR AUDIT COMMITTEE

- 5 This report has not previously been considered by either the Executive Panel or the Audit Committee. The consultation responses were considered by the Chair and Deputy Chair of the Authority and the Chair of the Local Pension Board.

RECOMMENDATIONS

- 6 Members are requested to note the:
- (i) background to the McCloud/ Sargeant Judgment;
 - (ii) current position with regards to remedy;
 - (iii) financial implications of the remedy; and
 - (iv) consultation response submitted on behalf of the Authority.

BACKGROUND

- 7 Following Lord Hutton's 2011 review of public sector pensions, the Public Service Pensions Act (2013) provided the legal framework to reform public sector pension schemes. Reforms included restricting existing final salary schemes, extending retirement ages and introducing career average schemes.
- 8 During 2015 all main public service pensions, including the firefighters' scheme, were reformed to provide defined benefits on a career-average basis and extend the normal retirement age of members. To effect these changes the pension scheme regulations were amended.
- 9 The amended regulations also provided protection for members of existing final salary schemes. This protection was age related and members reaching the normal pension age of 55 by 31 March 2022 were afforded full protection with other members receiving protection on a tapered basis depending on their age. This protection was known as transitional protection and members who did not qualify for protection were moved directly into the new 2015 Firefighters Pension Scheme.

Legal challenge to the age protection

- 10 Two legal claims were combined and taken through the legal process; one against the judges' pension scheme (the McCloud case) and the other against the firefighters' pension scheme (the Sargeant case). The basis of the legal challenge was that the transitional arrangements were discriminatory on the basis of age, sex and race.
- 11 In December 2018, the Court of Appeal determined that the transitional protection gave rise to unlawful age discrimination. The Supreme Court refused the Government's application for permission to appeal, meaning that the Court of Appeal decision stands.

- 12 In July 2019, the UK Government confirmed its intention to work with the Employment Tribunal to effect remedy across all public sector schemes. This removed the need for further litigation by members of other public sector schemes similarly affected by the Judgment.
- 13 An Employment Tribunal case management hearing was held in December 2019 to set out the procedural steps to appropriately implement the Court of Appeal decision.

Case Management Hearing

- 14 The Court of Appeal found that the transitional provisions in the firefighters' pension schemes resulted in direct age discrimination between:
 - a) those who were members of the old scheme (the Firefighters' Pension Scheme 1992) ("FPS") and were fully transitionally protected by remaining in that Scheme after 31 March 2015 as a result of being an active member under the 1992 Scheme on 31 March 2012,
 - b) those who were members of the FPS as at 31 March 2012 and were not treated as fully transitionally protected and moved to the new Firefighters' Pension Schemes after 31 March 2015.
- 15 Following the hearing, the Employment Tribunal gave an interim declaration that the named claimants (who all fell within category (b)) are entitled to be treated as if they had been given full transitional protection and had remained in their current scheme after 1 April 2015.
- 16 The process of determining the most effective remedy is complex as some members may fare better in the new career average pension arrangements and would suffer a detriment if they simply moved back to the old schemes.

Consultation on remedy proposals

- 17 On 16 July 2020, HM Treasury issued a consultation document which set out proposals and options for addressing the discrimination across the public sector schemes. Further background information and the consultation document can be accessed via

<http://www.fpsregs.org/index.php/legal-landscape/age-discrimination-remedy-sargeant>

- 18 The consultations recognised that due to individual circumstances, scheme members may be better off in the reformed schemes rather than the legacy schemes. The key proposal within the consultation is to provide members with a choice between receiving legacy or reformed scheme benefits in respect of their service during the remedy period (1 April 2015 and 31 March 2022). Thereafter, it is proposed that all members will move to the 2015 scheme.
- 19 The consultation identified two possible approaches to making this choice, and provided details on how each of these approaches may work. The two possible approaches are:
- 1) an immediate choice to be made after the end of the remedy period; or
 - 2) a deferred choice underpin (DCU).
- 20 Under the immediate choice exercise, members would be required to make a decision after 31 March 2022, although the timeframes for making a decision have not been specified. For many members, this will be some years prior to retirement, and at a time when there is still some uncertainty over the precise benefits that may arise. In contrast, under DCU, the decision would be deferred until the point at which a member retires. Under the DCU option, all members would be deemed to have accrued benefits in the legacy scheme for the remedy period.
- 21 Under either approach, those who have already retired and/or received a pension award will be asked to make their choice as soon as practicable after the changes are implemented. The position they choose would be applied retrospectively to the date the award was made.
- 22 Technical discussions have been held with both scheme administrators and the Scheme Advisory Board for Wales which includes both employer and employee representatives across Wales.
- 23 The consensus from the technical discussions was that it was important to reduce the risk of further discrimination and to ensure proper administrative arrangements. The DCU option was considered to be the preferred option for reducing the risk of further discrimination as the member will be afforded the choice at the point of retirement or leaving the Service. Furthermore, it was considered that requiring members to make an immediate choice would require access to good quality impartial advice from a professional advisor and this may be problematic given the timescales.

- 24 The administrative burden from either option will be significant. Intuitively, from an employer's perspective, the immediate choice would be the preferred option as this provides for greater certainty in terms of financial modelling. However, this also poses a substantial challenge as it requires the rewriting and introduction of software to provide members with up to date, complete and accurate information. Furthermore, administrators do not have capacity to undertake this exercise across the public sector within the timescales suggested.
- 25 The deferred choice underpin was deemed to be the preferred option as the administrative burden was more manageable and reduced the risk that members may feel aggrieved if they subsequently felt that they had made the wrong choice.
- 26 The consultation questions and responses are detailed within Appendix A.

Timescales and next steps

- 27 The consultation exercise concluded on 11 October 2020 and it is anticipated that the over the forthcoming months there will be further clarity on the steps that will be undertaken to bring the matter to a full conclusion. This will include confirming the final remedy which will need to be incorporated into the underlying pension scheme regulations. The current working assumption is that the amendments to the regulations may not be effected until 2022.
- 28 A number of members will reach their normal retirement age for the legacy scheme before the regulations have been amended. Such members are deemed to be in immediate detriment. This reflects that under the proposed remedy they would be eligible for retirement but as the regulations have not been amended the scheme manager is unable to process this.
- 29 A legal view has been sought on whether the current regulations permit scheme managers to process the pensions for members in immediate detriment. Technical discussions have also been held with both Welsh Government officials and colleagues from other fire and rescue services to agree how such cases would be processed in the event that legal confirmation allows them to be processed ahead of the regulation amendments.

Financial aspects of the remedy

- 30 The remedy proposals suggest that eligible members will revert to the legacy scheme for the period of remedy. This provides enhanced benefits to those members affected. The financial implications of this have already been calculated by the Government Actuary Department (GAD) and the estimate is circa £11m. This has been included in the Authority's overall pension liability.
- 31 Members who revert to their legacy scheme will be required to make good an underpayment of employee contributions. The consultation proposed that the underpayment should be made good over a number of years and it is anticipated that this will be agreed as part of the final remedy. In addition, requiring members to revert to their legacy scheme will give rise to backdated employer contributions and it is not yet clear how these will be administered.
- 32 The full scheme valuation is undertaken on a four yearly basis. The scheme data to enable the next full valuation is currently being prepared and this will be used to calculate future contributions for both the employer and the employee.
- 33 The future funding for the impact of the legal challenge has not yet been determined and officers are maintaining close dialogue with Welsh Government colleagues.

IMPLICATIONS

Wellbeing Objectives	Although not directly linked to the well-being objectives all members of the public pension schemes offered by the Authority will be impacted by the proposed changes.
Budget	Future remedy will have an implication on the Authority's budget; remedy will result in increased administration and employer superannuation costs.
Legal	The Authority is under a legal duty to ensure compliance with the Scheme Regulations.
Staffing	This matter directly impacts on employees who are members of the public sector pension schemes offered by the Authority; depending on the scheme, members may choose to retire earlier under the new proposals than under current regulations.
Equalities/ Human Rights/ Welsh Language	The proposals address the unlawful age-based transitional protection arrangements in the 2015 pension schemes, ensuring fair treatment for all pension members.
Risks	Non-compliance with legislation leads to legal and reputational risk.

Public Service Pension Schemes: Changes to the transitional arrangements of the 2015 schemes.

<p>Question 1: Do you have any views about the implications of the proposals set out in this consultation for people with protected characteristics as defined in section 149 of the Equality Act 2010? What evidence do you have on these matters? Is there anything that could be done to mitigate any impacts identified?</p>	<p>The proposal to amend primary legislation is considered to be the most fair and consistent manner of rectifying the discrimination. Following due consideration of the consultation document and the equality impact assessment no residual equality issues were identified that may cause further discrimination under the Act.</p>
<p>Question 2: Is there anything else you would like to add regarding the equalities impacts of the proposals set out in this consultation?</p>	<p>No further issues identified.</p>
<p>Question 3: Please set out any comments on our proposed treatment of members who originally received tapered protection. In particular, please comment on any potential adverse impacts. Is there anything that could be done to mitigate any such impacts identified?</p>	<p>Fundamental to the proposal to remove the taper protection is the requirement to address the discrimination. Removing the tapered protection puts all members in an equal position and affords them the opportunity to make a personal choice. It is acknowledged that a small number of members may be disadvantaged but as this is a consequence of rectifying the discrimination there is no compelling argument for making separate provision for these members.</p> <p>We would support the concept of member choice and concur with the principles set out in paragraph 2.11</p>


<p>Question 4: Please set out any comments on our proposed treatment of anyone who did not respond to an immediate choice exercise, including those who originally had tapered protection.</p>	<p>An immediate choice exercise would provide clear timelines for rectifying the discrimination although the resultant administrative challenge needs to be acknowledged.</p> <p>It will be important for scheme managers to make proper arrangements to demonstrate that reasonable steps have been taken support members make an informed choice within the relevant timeframes. A particular challenge may relate to deferred or retired members for whom up to date contact details may not be held. Should this option be adopted and where reasonable steps have been taken to provide the individual with sufficient opportunity to make a personalised choice then we would support a default position being included within the regulations. However, it is considered that this has the potential for a large number of disputes and interpretation of whether actions taken were retrospectively deemed reasonable.</p> <p>Guidance in this area would be welcome to ensure a fair and consistent approach across the schemes.</p>
<p>Question 5: Please set out any comments on the proposals set out above for an immediate choice exercise.</p>	<p>An immediate choice exercise will provide clarity over benefits. This is beneficial for employers and allows for longer term financial planning. However, this also presents administrative challenges which are outlined in this document.</p> <p>There are also benefits to employees in terms of addressing any tax issues arising. However, this also requires individuals to consider their future career aspirations and project forward the impact. It is clear that this will be complex and invariably give rise to future challenges.</p>

<p>Question 6: Please set out any comments on the proposals set out above for a deferred choice underpin.</p>	<p>This option reduces the risk of legal challenges from individuals who will be able to make a more informed choice. However, the tax complexities increase significantly with this option and it would be important that these aspects are fully understood and worked through.</p> <p>Administratively it would potentially be more complex and burdensome and would require careful planning to ensure that systems and processes fully supported it. Invariably the administrative costs will increase under both options. Longer term financial planning would be more complex and actuarial costs would also likely increase.</p>
<p>Question 7: Please set out any comments on the administrative impacts of both options</p>	<p>Immediate choice – this gives rise to a short term administrative challenge but provides longer term stability. However, this will also require significant investment by software suppliers in a relatively short timeframe and represent staff capacity challenges for administrators and employers.</p> <p>Deferred choice underpin – overall the administrative challenges will be greater and more complex under this option although the effect will be smoothed over a longer time period. Of particular note are the proposals within A.9 which would require member contributions to initially be made good under the legacy scheme and potentially reverted at the point when the final choice is exercised.</p>
<p>Question 8: Which option, immediate choice or DCU, is preferable for removing the discrimination identified by the Courts, and why?</p>	<p>The deferred choice underpin provides the greatest degree of choice to those affected and fully removes the discrimination. It is also unclear whether there is sufficient provision of good quality financial advice for an immediate choice exercise which increases the risk of future challenges.</p> <p>Although this option is more burdensome from an administrative perspective it is considered that this can be managed more effectively.</p>

<p>Question 9: Does the proposal to close legacy schemes and move all active members who are not already in the reformed schemes into their respective reformed scheme from 1 April 2022 ensure equal treatment from that date onwards?</p>	<p>This proposal provides equal treatment which is consistent with the objectives of the remedy.</p>
<p>Question 10: Please set out any comments on our proposed method of revisiting past cases.</p>	<p>It is important that everyone within scope is afforded the same choice and retired members may seek to review their previous decisions. The scenarios outlined in A.3 highlight the complexity and is important that the arrangements allow individuals access to suitable advice and time in which to make an informed choice given the complexity of the tax arrangements.</p>
<p>Question 11: Please provide any comments on the proposals set out above to ensure that correct member contributions are paid, in schemes where they differ between legacy and reformed schemes.</p>	<p>The proposals and associated rationale are broadly supported and the complexity of the deferred choice underpin is recognised under section A.10.</p> <p>Where members are required to make good underpayments it would be helpful if the payback period could be formalised across all schemes.</p>
<p>Question 12: Please provide any comments on the proposed treatment of voluntary member contributions that individuals have already made.</p>	<p>Not applicable for NWFRA, no current cases</p>

<p>Question 13: Please set out any comments on our proposed treatment of annual benefit statements (ABS).</p>	<p>The ideal is to support members and provide sufficient information for them to be able to make informed choices. The application of a deferred choice underpin would significant increase the complexity and require significant system changes as set out in A.23.</p> <p>However, we recognise the importance of the ABS in enabling an individual to make informed choice and manage their tax arrangements.</p> <p>If the deferred choice underpin is chosen guidance on how to manage the requirements until the necessary system changes could be implemented would be required.</p>
<p>Question 14: Please set out any comments on our proposed treatment of cases involving ill-health retirement.</p>	<p>No further comments</p>
<p>Question 15: Please set out any comments on our proposed treatment of cases where members have died since 1 April 2015.</p>	<p>No further comments</p>
<p>Question 16: Please set out any comments on our proposed treatment of individuals who would have acted differently had it not been for the discrimination identified by the Court.</p>	<p>It is accepted that there may be occasions that individuals have made different pension decisions in relation to the reformed schemes. Whilst it is acknowledged that representations may be considered on a case by case basis it would be helpful if guidance could be provided in relation to the evidence threshold that employers should seek.</p>
<p>Question 17: If the DCU is taken forward, should the deferred choice be brought forward to the date of transfer for Club transfers?</p>	<p>We would support this proposal.</p>
<p>Question 18: Where the receiving Club scheme is one of those schemes in scope, should members then receive a choice in each scheme or a single choice that covers both schemes?</p>	<p>A single choice that covers both schemes</p>

Question 19: Please set out any comments on our proposed treatment of divorce cases.	No further comments
Question 20: Should interest be charged on amounts owed to schemes (such as member contributions) by members? If so, what rate would be appropriate?	This is especially relevant to the deferred choice underpin given the potential for the significant elapsed time between the remedy period and the final choice. In principle interest should be charged/received on a consistent rate across all schemes.
Question 21: Should interest be paid on amounts owed to members by schemes? If so, what rate would be appropriate?	As per question 20
Question 22: If interest is applied, should existing scheme interest rates be used (where they exist), or would a single, consistent rate across schemes be more appropriate?	As per question 20
Question 23: Please set out any comments on our proposed treatment of abatement.	No further comment
Question 24: Please set out any comments on the interaction of the proposals in this consultation with the tax system	<p>The consultation has highlighted a number of areas where the tax position of an individual may be affected by the proposals.</p> <p>Given the complexity of this matter generally and specifically to individual circumstances the access to good quality independent advice is an imperative. However, concerns need to be raised that such advice is not routinely available for members of the FPS and therefore the understanding of individuals to enable them to make a full and informed choice will be impeded unless this matter is addressed.</p> <p>As a minimum national guidance would be beneficial to promote understanding and avoid the need to deal with issues at a local level.</p>

Report to	North Wales Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Helen MacArthur, Assistant Chief Officer (Finance and Resources)	
Contact Officer	Julie Brown (01745 535275)	
Subject	Firefighters Pension Schemes Local Pension Board – Annual Report 2019-20 and updated Terms of Reference	

PURPOSE OF REPORT

- 1 To present to Members:
 - (i) the annual report of the Local Pension Board which details the work of the board during the last financial year; and
 - (ii) the reviewed terms of reference of the Board.

EXECUTIVE SUMMARY

- 2 To present to members the annual report of the Local Pension Board which details the work of the board during 2019-20. The revised terms of reference for the Board are also presented.

RECOMMENDATION

- 3 That Members:
 - (i) approve the local pension board annual report 2019-20 (appendix 1) for publication on the Authority's website; and
 - (ii) note the terms of reference attached at appendix 2.

OBSERVATIONS FROM THE LOCAL PENSION BOARD

- 4 The Annual Report was considered by the Local Pension Board on 27 May 2020 and no issues of note were highlighted.

INFORMATION

- 5 The governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013. The Act provides for clearer governance arrangements with specific defined roles, the publication of more information on a consistent basis, and administration practices in line with those in the private sector.

- 6 The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pensions came into force on 1 April 2015. These regulations required the Fire and Rescue Authority (NWFRA) to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1 April 2015.
- 7 The role and remit of the Local Pension Board is to assist North Wales Fire and Rescue Authority in its capacity as scheme manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. In order to improve transparency, NWFRA is required to publish the annual report of its Local Pension Board.
- 8 As set in the terms of reference for the Local Pension Board, the annual report should include:
- a summary of the work of the Local Pension Board and a work plan for the coming year
 - details of areas of concern reported to or raised by the Board and recommendations made
 - details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - any areas of risk or concern the Board wish to raise with the Scheme Manager
 - details of training received and identified training needs
 - details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget	Cost of the Local Pension Board is funded from existing Members' Services budget
Legal	The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013.
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	It is not considered that there are any issues that need addressing as the recommendations apply equally to all Members regardless of protected characteristics under the Single Equality Act.
Risks	All FRAs need to comply with the guidance provided by the Pensions Regulator around the governance arrangements for Local Pension Boards.

**North Wales Fire and Rescue Service
Firefighters' Pension Scheme**

**Local Pension Board
Annual Report
2019-20**

1.0 Annual Report

This is the Annual Report of the North Wales Fire and Rescue Authority Local Pension Board (the Board), covering the period from 1 April 2019 to 31 March 2020. This report includes commentary on the following:

- Details of any conflict of interest that have arisen in respect of Pension Board members;
- Details of training received and identified training needs for Pension Board members;
- A summary of the work undertaken by the Board during 2019/20;
- Areas of concern or risk reported to or raised by the Board; and
- Forward work programme.

2.0 Roles and Functions

In accordance with Section 5 and s.30 (1) of the Public Services Pensions Act 2013 and Regulation 4A of the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, the North Wales Fire and Rescue Authority Local Pension Board (the Board) was established in April 2015. The role and remit of the Board is to assist the Scheme Manager (North Wales Fire and Rescue Authority) to secure compliance with:

- The relevant laws and regulations;
- Any other legislation relating to the governance and administration of the Scheme ; and
- The requirements imposed by the Regulator in relation to the Scheme and
- To ensure the effective and efficient governance and administration of the Scheme.

The Board is expected to complement and enhance the Authority's existing arrangements for managing the firefighter pension schemes. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Authority and its officers when they act in the capacity of scheme manager.

3.0 Membership and meetings of the Board

During the reporting period, the Board comprised of 10 members as follows:

- Five employer representatives comprising of three members of North Wales Fire and Rescue Authority, the Clerk to the Authority (or nominated deputy) and Treasurer of the Authority.
- Five employee representatives – all of whom are representatives from each representative body officially associated with the NWFRA.

A full list of pension board members is available on our Local Pension Board website. In addition to local pension Board members, the following key officers support the Board and attend Board meetings:

- Assistant Chief Officer (Finance and Resources)
- Pensions Manager

The term of appointment for all members currently falls in line with council elections.

Membership ceased for two members during the period; following an appointment process in line with the Terms of Reference, both posts were filled at the end of the reporting period.

Chair of the Board

The Chairperson of the Board is rotated every two years between a member representing employers and those representing scheme members.

Assistant Chief Fire Officer R. Fairhead was elected Chair for the period 2017-2019; from July 2019, Councillor B Apsley was nominated. The Chair is nominated to sit on the National Firefighters' Pension Scheme Advisory Board.

The Board has met four times during the period of this annual report.

4.0 Conflicts of Interest Policy

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A 'conflict of interest' is defined as 'a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a 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 the policy. In addition, conflicts of interest is a standing item on all Board agendas and any interests noted by members are recorded so that appropriate action can be taken to manage the conflict.

There have been no declarations made by any member, advisor or attendee during the relevant period.

A copy of the Conflict of Interest policy can be found [here](#).

5.0 Knowledge and Understanding

It is a statutory requirement of the Public Service Pensions Act 2013 that members of the Local Pension Board should have the capacity to become conversant with, and develop a knowledge of, detailed pension related issues to effectively carry out their duties.

Each individual appointed to the Board must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed in other legislation.

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 schemes;
- Requirements imposed by the Pensions Regulator; or
- The standards and expectations set out in any relevant code of practice issued by the Pensions Regulator.

On appointment, within six months, members are required to complete the online training modules available on the Pensions Regulator’s website; in addition, the Authority provides both induction training to new Board members and ongoing training sessions during Board meetings for all members to assist them in undertaking their role.

The Scheme Manager keeps appropriate records of the learning activities of individual members and the Board as a whole. This assists the Authority and members in demonstrating compliance, if necessary, with the legal requirement and records how risks associated with knowledge gaps have been mitigated. Annually, members complete a knowledge and training needs analysis self-assessment form, which is used to prepare a forward training programme. The training of Board members is largely carried out in house at no direct cost; the national events such as the LGA conference have, so far, been free of charge. Where Board members are required to travel to attend training events this cost is contained in existing budgets.

A schedule detailing the training undertaken by Board members during 2019-20 is detailed below:

Date	Topics Covered
01/07/19	Ill-health Retirements
07/10/19	Dyfed Pension Fund – Roles and Responsibilities Pensionable Pay
13/01/20	Cyber Security Split Pensions

6.0 Work Programme 2019-2020

The Board has met four times on 2 May 2019, 1 July 2019, 7 October 2019 and 13 January 2020. The work undertaken by the Board during the course of the year has been defined by the Terms of Reference. The Board approves and reviews the Terms of Reference on an annual basis.

During the period 1 April 2019 to 31 March 2020 the following specific matters were considered by the Board:

- Elect Chair
- Review and Approve Terms of Reference
- Agree Annual Report 2018-19

- Annual Benefit Statements FAQs
- Governance Seminar and KPIs update
- Exit Cap Consultation
- Legal challenge on transitional pension scheme arrangements (McCloud Judgment)
- High Court Judgment on pensionable pay components (Booth vs Mid and West Wales FRA)
- Knowledge and training needs analysis update
- Conflict of Interest policy review
- Consideration of complaints received under the Internal Dispute Resolution Procedures and Pension Ombudsman cases

Each agenda also includes the following standing items:

- Declaration of Interest
- Minutes of last meeting
- Firefighters' Pension Schemes Update Report (including legislative update)
- Administrators Update Report (Dyfed Pension Fund)
- Scheme Advisory Board Update
- Training needs
- Risk Register
- Matters for escalation to full FRA

Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by officers supporting the Board. Some regular reports have been developed and these are:

- A report entitled 'Firefighters' Pension Schemes Update Report' which provides the Board with the latest information on areas of significant pension work, and includes both local and national issues. As well as enhancing the knowledge and understanding of Board members, this regular report serves to prompt discussion at the Board about the impact of issues on pension Scheme members and about how workloads are being managed. This helps to achieve the Board's purpose of securing effective governance and administration;
- A report entitled 'Dyfed Pension Fund Update Report', its purpose is to provide assurance that the scheme is being properly administered. As well as providing regulatory updates, the report focuses on specific workload issues, such as, the Guaranteed Minimum Pension reconciliation, data quality, appeals, breaches and activity levels on the 'My Pensions Online' tool;
- Specific areas of the Risk Register are reviewed regularly by the Scheme Manager and is presented to the Board at each meeting, with any amendments highlighted. This allows the Board to keep track of the key risks and the control measures designed to manage those risks.

To improve the efficient and effective administration and governance of the pension function, the Board made the following recommendations all of which were carried out over the year:

- The production of a factsheet of frequently asked questions (FAQs) to accompany Annual Benefit Statements;
- Check opt out forms held on file for Wholetime personnel who were not in a pension scheme;
- Standing agenda items to include the identification of matters that require escalation to the full Fire and Rescue Authority and to review specific areas of the risk register during each meeting;
- Internal promotion of the 'My Pension Online' facility;
- The Board sought assurances that the administrators were implementing (where applicable) bulletins and circulars;
- Risks identified around recent courts cases (McCloud and Booth), cybercrime and funding of employer superannuation costs were to be included within the Risk Register;
- The Board sought assurances that the Authority complies with the split pension provision in the Firefighter's Pension Scheme regulations.

More detail is available in the agendas and minutes of the above Board meetings which can be accessed [here](#).

8.0 Work Programme 2020/21

The Firefighters' Pension Scheme Board maintains a work programme which is considered at every meeting. Now that the Board has completed a number of training activities, it will begin to select topics for in-depth analysis with a view to making recommendations to the Fire and Rescue Authority as and when necessary.

The Work Programme for 2020/21 is as set out below:

- Review of Terms of Reference and agreement of the Annual Report for 2019/20;
- Agree and develop implementation plan for a review of pensionable pay following the Booth v Mid and West Wales Judgment;
- Undertake a training needs analysis with members of the Board and agree a training programme including updates on and presentations on current pension issues as necessary;
- Review and update the risk register;
- Provide updates to each meeting on regulatory matters contained within Welsh Government circulars and Local Government Association Bulletins;
- Receive updates on the work of the Scheme Advisory Board (Wales);
- Annual Pension Surveys and consultations (if applicable);
- Monitor the delivery of the administrators' Data Improvement Plan;
- Review the outcome of internal and external audit reports;
- Monitor the Service Level Agreement renewal.

Terms of reference for the Local Pension Board of North Wales Fire and Rescue Service

1. This document sets out the terms of reference for the Local Pension Board of North Wales Fire and Rescue Service, Firefighters' Pension Scheme as required by the Public Service Pensions Act 2013 and the Local Government (Amendment) (Governance) Regulations 2014.

Scheme Management

2. North Wales Fire and Rescue, as administering authority, is the Scheme Manager. Its functions are discharged in accordance with the Authority's scheme of delegation by the Treasurer and Chief Fire Officer.

The Local Pension Board

3. The role of the Local Pension Board is to assist North Wales Fire and Rescue Service (NWFRS), as the administering authority:
 - to secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
 - to secure compliance with requirements imposed in relation to the scheme by the Pensions Regulator;
 - ensure the effective and efficient governance and administration of the Firefighters' Pension Schemes for Dyfed Pension Fund;
 - the role of the Board will be oversight of these matters and not decision making;
 - in undertaking any relevant work as requested;
 - in such other matters as the scheme regulations may specify.
4. The Local Pension Board will ensure that the Code of Practice on governance and administration issued by the Pensions Regulator is complied with. The Board will also ensure that it complies with the knowledge and understanding requirements in the Pensions Regulator's Code of Practice.
5. The Local Pension Board is accountable to the Pensions Regulator, the National Scheme Advisory Board and the Administering Authority in their role as Scheme Manager.
6. The principal functions of the Local Pension Board shall include, but not be limited to:
 - reviewing decision making processes, policies and procedures to ensure they are compliant with relevant Regulations;
 - seeking assurance that these are followed and adhered to with regard to Pensions decisions;
 - seeking assurance that administration performance is in compliance with the Authority's performance framework and that monitoring arrangements are adequate and robust;

- considering the effectiveness of communication with employers and scheme members including a review of the Communication Strategy; considering and commenting on internal audit recommendations and external auditor reports.
7. Any complaint or allegation of a breach of the Regulations brought to the attention of the Local Pension Board shall be dealt with in accordance with the Code of Practice as published by the Pensions Regulator.

Frequency and Notice of Meetings

8. The Local Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively; four meetings will be scheduled during each financial year.
9. The Members' Liaison Officer shall give notice to all Local Pension Board members of each meeting of the Board, including the date, location and time of the meeting and shall ensure that a formal record of the Local Pension Board proceedings is maintained.
10. Papers will be provided three working days before each of the formal Local Pension Board meetings.
11. All agendas and non-confidential Local Pension Board papers and minutes of meetings will be published on NWFRS' website, together with the Board Terms of Reference and details of the Board membership.

Membership

12. The Local Pension Board shall consist of no fewer than 6 members (in total), and must include an equal balance of employer and scheme member (employee) representatives. These shall be constituted as follows:

Constituency	Definition/Constraints
Employer	To represent NWFRS
Scheme Member (employee)	To represent all members of the scheme (active, deferred and pensioner)

13. The term of office for all members of the Board will fall in line with council elections and therefore it is anticipated that the membership will remain until 2022. Members may at the end of their term, express a wish to be considered for re-election.
14. Local Pension Board members must meet key attendance and training requirements to retain their membership during this period. All members must:
- endeavour to attend all meetings of the Board
 - comply with the training plan produced by the Pensions Manager
 - ensure compliance with the Pension Regulator's Code of Practice.

15. Each Employer Representative and Scheme Member Representative will have an individual voting right.
16. All members within the Firefighters' Pension Schemes must have an equal opportunity to be nominated for the role of member representative.
17. For the purpose of appointing employer representatives to the Board, nominations will be sought from all Fire and Rescue Authority members. The Treasurer and Monitoring Officer (or deputy) will also provide employer representation.
18. For the purpose of appointing scheme member (employee) representatives to the Board, nominations will be requested through the Departmental Representatives and Trade Union Forum with further nominations being sought via an advert placed on the Authority's website. Where more than three nominations are received candidates will be considered, shortlisted and interviewed by an appointments panel who will then make recommendations to the Chief Fire Officer to formally appoint.
19. If a Local Pension Board member acting as an employer representative leaves the employment of the employer they are representing they will no longer be eligible to sit on the Board.
20. In the event of consistent non-attendance of a Board member, or for failure to meet key attendance and training requirements as set out in (13) above, the tenure of that membership will be reviewed. In the case of a member representative, this will be done by the appointments panel who may make recommendation for the membership to be revoked if considered necessary. In such event, there will be a right of appeal to the Chief Fire Officer prior to any recommendation. In the case of an employer representative, any such decision will be considered by the chair of the Fire and Rescue Authority.
21. If an employer or scheme member representative wishes to resign they must write to the Chief Fire Officer, giving at least one month's notice.
22. The Chairperson of the Local Pension Board will be rotated on a bi-annual basis between a member representing employers and those representing scheme members.
23. It will be the role of a representative acting as Chairperson to:
 - agree and set the agenda for a meeting of the Board
 - manage the meetings to ensure that the business of the meeting is completed in the agreed time
 - ensure that all members of the Board show due respect for process and that all views are fully heard and considered
 - strive as far as possible to achieve a consensus as an outcome
 - ensure that the actions and rationale for decisions taken are clear and properly recorded.

24. Due to the specialist nature of the work of the Board, personal attendance at all meetings is expected of all Board members with no provision for a substitute. However, deputies would be allowed, but they would be responsible for maintaining their own training to ensure they were *au fait* with pensions issues.
25. The Board may, with the approval of the Chief Fire Officer, co-opt persons who are not members to aid the Board for a period of time or for a specific task where this would provide additional skills, knowledge or experience. The co-opted members would not be permitted to vote.

Quorum

26. Four of the Board members must be present for a meeting to be quorate. If the Chairperson is absent at a meeting and there is a quorum then the attending members must choose a Chairperson to preside over that meeting.

Knowledge and Skills

27. A member of the Pension Board must be conversant with:
 - the legislation and associated guidance of the four Firefighter Pension Schemes;
 - any policies, procedures or decision making processes about the administration of the Schemes adopted by NWFRS and Dyfed Pension Fund.
28. A member of the Local Pension Board must have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in Regulations.
29. It is for individual 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 Pension Board.
30. 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.
31. Pension Board members must confirm to the Pensions Manager within six months of joining the Board that they have completed the Pension Regulator training.
32. During the first meeting of the financial year, Pension Board members must consider and agree an annual training programme.

Standards of Conduct and Conflicts of Interest

33. The role of the 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. Board members will be required to observe the members' code of conduct and data protection policies of NWFRS. The Board is required to always act within these terms of reference. In accordance with the Public Service Pension Act 2013 a board member must not have a financial or other interest that could prejudice them in carrying out their Board duties. This does not include a financial or other interest arising merely by virtue of membership of the FPS.
34. As such all members of the Local Pension Board will be required to declare any interests and any potential conflicts of interest in line with the requirements of the Public Service Pensions Act 2013 and the Pension Regulator's Code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

Reporting

35. The Board is expected to produce an annual report to the Fire and Rescue Authority which should include:
- a summary of the work of the Local Pension Board and a work plan for the coming year
 - details of areas of concern reported to or raised by the Board and recommendations made
 - details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - any areas of risk or concern the Board wish to raise with the Scheme Manager
 - details of training received and identified training needs
 - details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
36. Although the Board is only required to produce a single annual report, minutes for each meeting of the Board will be published on the Authority's website.
37. Should the Board have concerns believed to be sufficiently serious that they should be reported at a higher level than is standard (to the Pensions Manager) they should report to the Chief Fire Officer. This may include, but not be limited to, occasions where the Board feel that previous recommendations have not been acted upon. In extreme cases such as a fundamental breach of Regulations or a fundamental failure by the Administering Authority to ensure effective governance of the fund, the Board may consider reporting to the National Scheme Advisory Board and/or the Pensions Regulator.

Remuneration


38. Remuneration for members of the Local Pension Board will be limited to a refund of actual expenses incurred in attending Board meetings and training. It is expected that employers of board members will provide appropriate capacity to allow the member to perform this role within their normal working day without any reduction to pay.
39. Expense claims should be submitted no later than 1 month following the incursion.

Publication of Local Pension Board Information

40. Up to date information will be posted on NWFRS' website showing:
 - names and information of the Local Pension Board members
 - how the scheme members and employers are represented on the Local Pension Board
 - responsibilities of the Local Pension Board as a whole
 - full terms of reference and policies of the Local Pension Board and how they operate
 - Local Pension Board appointment process.

Review

41. These terms of reference were formally adopted by the Board at its first meeting on 20 April 2015 and are reviewed annually to or upon statutory or regulatory changes in line with paragraph 41.
42. The Chief Fire Officer is authorised to make minor amendments, consequential upon statutory or regulatory change, or to update arrangements consequential on other external factors.

Report to	Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Helen MacArthur, Assistant Chief Officer (Finance and Resources)	
Contact Officer	Julie Brown, Pensions Manager	
Subject	Firefighters Pension Schemes Discretionary Policy Statement	

PURPOSE OF REPORT

- 1 To inform Members of the requirement for the Scheme Manager (the Authority) to produce a Firefighters Pension Discretionary Policy Statement.
- 2 To seek approval of the resolutions within the Firefighters Pension Scheme Discretionary Policy Statement and to seek approval that, on behalf of the scheme manager, decisions will be delegated on a day-to-day basis to the Chief Fire Officer and Treasurer.

EXECUTIVE SUMMARY

- 3 The Firefighters' Pension Scheme Regulations provide the Authority with the responsibility to make decisions on certain discretionary elements of the scheme. The Authority is required to formulate and publish a discretionary policy which sets out how the Authority will discharge this responsibility.

RECOMMENDATIONS

- 4 Members are requested to approve the resolutions within the Firefighters Pension Scheme Discretionary Policy Statement including, where appropriate, the delegation to the Chief Fire Officer and Treasurer.

OBSERVATIONS FROM THE LOCAL PENSION BOARD

- 5 This report was considered by the Local Pension Board on 27 May 2020 and no issues of note were highlighted.

BACKGROUND

- 6 There are currently four pension schemes in place for firefighters, the 1992 scheme (FPS), the 2007 scheme (NFPS), the 2007 RDS modified pension scheme (MPS) and the 2015 scheme. This policy sets out some of the discretions applicable to the schemes and seeks approval of the Authority to an approach to dealing with these discretions.

INFORMATION

- 7 The firefighters' pension scheme regulations require every scheme manager to
- (i) issue a written policy statement on how it will exercise the various discretions provided by the pension schemes;
 - (ii) keep it under review; and
 - (iii) revise it as necessary.
- 8 A summary of the discretionary elements within each scheme and the recommended approach is set out in the draft discretionary policy attached at appendix A.

IMPLICATIONS

Wellbeing Objectives	The Discretionary Policy provides clarity for decision making on certain pension issues contributing to securing the Authority's financial sustainability.
Budget	Certain decisions can impact the budget in terms of increased employer superannuation payments and the impact on future actuarial valuations.
Legal	The regulations governing the administration of the Firefighters' Pension Schemes provide for a number of discretionary powers on the part of the Fire Authority.
Staffing	Potential impact on staffing levels if certain discretions impact a member's retirement decision making process. Potential impact on the acceptance of temporary promotions offered.
Equalities/Human Rights/ Welsh Language	None
Risks	Non-compliance with legislation

Firefighters' Pension Scheme Discretionary Policy

Document type: Policy

Version number: 3

Date next review due: 15 June 2022

The following discretions are subject to change, either in line with any change in regulations or by due consideration by North Wales Fire and Rescue Authority (NWFRA). These provisions do not confer any contractual rights.

FPS (92), NFPS (2007) and NFPS 2015 Scheme Discretions and Regulations

<u>PART 1 – NFPS 2015 SCHEME</u>		
Regulation	Explanation	Recommendation
NFPS 2015 Scheme Delegation (Regulation 14 (2))	The scheme manager must ensure that delegated powers are appropriate and current.	Under the Scheme of Delegation the Chief Fire Officer has discretion from the Authority to exercise all matters of day-to-day administration and operational management of the service and functions.
Opting in (Regulation 21)	Opting into this scheme (Regulation 21). An optant-in will become an active member of the scheme with effect from the beginning of the first pay period following the date on which the option is exercised. There is an option for the scheme manager to vary the date on which the person becomes an active member, to such other time as the scheme manager considers appropriate. [Regulation 21 (5)]	The opting-in date will take effect from the beginning of the first pay period following the date on which the option is exercised. (For information – the pay period is 2 weeks in advance and 2 weeks in arrears of the monthly pay date).

Regulation	Explanation	Recommendation
<p>Opting out after the first three months (Regulation 25)</p>	<p>An optant-out ceases to be in pensionable service with effect from the first day of the first pay period following the date on which the option is exercised. If the scheme manager considers that day to be inappropriate, it may vary the date to the first day of any later pay period as the scheme manager does consider appropriate. [Regulation 25(2)(b)]</p>	<p>The opting-out date will take effect from the beginning of the first pay period following the date on which the option is exercised, on the basis that the opt-out form is received within monthly payroll processing deadlines.</p>
<p>Pensionable pay (Regulation 26). The scheme manager has discretion to determine if continual professional development (CPD) payments are to be treated as pensionable pay. (Regulation 26 (1)(d).</p>	<p>Under the FPS1992 and 2007 schemes, CPD payments are treated as pensionable and included in benefit awards as Additional Pension Benefits (APB).</p>	<p>In the interest of fairness and consistency CPD payments will continue to be pensionable under APB arrangements.</p>

Regulation	Explanation	Recommendation
<p>Contributions during absence from work due to illness, injury, trade dispute or authorised absence (Regulation 120). Applies to all schemes.</p>	<p>Where an active member is absent from scheme employment because of illness or injury and not entitled to receive pensionable pay, or because of trade dispute or authorised unpaid absence, they may pay member contributions; if they do, the scheme manager may require that they should also pay the employer contributions. (Regulation 120(2), (3) and (4).</p>	<p>Illness and injury (Regulation 120(2)) – NWFR agree to delegate the authority to the Chief Fire Officer, in consultation with the Treasurer, to consider each case on an individual basis to determine whether the individual or the employer pay the employer contributions.</p> <p>Trade dispute (Regulation 120(3)) - Members will be required to pay the employer's contributions in accordance with regulation 126(3) in all cases of active member pension buy-back involving trade dispute(s) (unless exceptionally agreed differently by the Chief Fire Officer).</p> <p>Authorised unpaid absence (Regulation 120(4)) - NWFR agree to delegate the authority to the Chief Fire Officer, in consultation with the Treasurer, to consider each case on an individual basis to determine whether the individual or the employer pay the employer contributions.</p> <p>For all cases where regulations 120 paragraphs 2, 3 or 4 apply, contributions must be paid within 6 months of NWFR requesting the money and at the rate of pay applicable to the period of time. NWFR will normally make the request for the monies within 6 months of the absence/dispute ending.</p>
<p>Establishment of pension accounts: general (Regulation 37)</p>	<p>The scheme manager must establish and maintain pension accounts for scheme members, but they may be kept in such form as the scheme manager considers appropriate. [Regulation 37(2)]</p>	<p>The Authority will maintain pension accounts for scheme members in the most appropriate form considered by the Authority.</p>

Regulation	Explanation	Recommendation
Closure and re-establishment of active member's account (Regulation 46)	If a member has more than two active member's account and ceases pensionable service with less than three months' qualifying service in respect of one account, that account must be closed and benefits aggregated with one of the others; the member may select which one. If the member fails to choose, the scheme manager has discretion to choose. [Regulation 46(3), (4) and(5)].	Where a member fails to choose an account to use to aggregate benefits, the Authority will choose the account considered most appropriate by the Authority. This is likely to be the most cost effective account to the Authority but each case will be considered on its merits and full details of the circumstances will be required.
Closure of deferred member's account after gap in pensionable service not exceeding five years. (Regulation 58)	If a deferred member re-enters pensionable employment after a gap of five years or less, the scheme manager must close the deferred member's account and re-establish the active member's account, transferring entries from the deferred account. If the person had more than one relevant deferred member's account, they must select – within three months of re-entering scheme employment - which one should close. If they fail to make a selection, the scheme manager must make the choice for them. [Regulation 58(3) and (4)]	Where a member has more than one deferred account and fails to choose which account to close, the Authority will choose the account considered the most appropriate by the Authority . This is likely to be the most cost effective account to the Authority but each case will be considered on its merits.
Employer initiated retirement (Regulation 71)	An employer can determine that an active member age 55 or over but under age 60 who on the grounds of business efficiency is dismissed or has their employment terminated by mutual consent, can receive immediate payment of retirement pension without the early payment reduction. An employer may only use this discretion if the employer determines that a retirement pension awarded on this basis would assist the economical, effective and efficient management of its functions having taken account of the costs likely to be incurred in the particular case. [Regulation 71(1) and (2)]	The Authority will not normally grant early payment of benefits for business efficiency purposes or waive any actuarial reduction, except in exceptional circumstances, after considering the business case; agreement must be given by the Chief Fire Officer, in consultation with the Treasurer.

Regulation	Explanation	Recommendation
Exercise of partial retirement option (Regulation 72) (i.e. flexible retirement)	An active 2015 member aged at least 55 who would be entitled to immediate payment of pension if they leave pensionable service and who claims payment of the pension, may opt to claim the whole of their accrued (2015) pension but continue in pensionable service. The person concerned must give appropriate notice to the scheme manager and the partial retirement option is taken to be exercised on a date agreed between the member and the scheme manager. [Regulation 72(5)]	Where a member aged at least 55 opts to claim the whole of their accrued (2015) pension but continue in pensionable service, the Authority will agree a date most suitable for the Authority, taking into account operational requirements.
Ill-Health Benefits - Review of ill-health award or early payment of retirement pension (Regulation 77)	The scheme manager must have a policy for reviewing, at such intervals as it considers appropriate, the award of ill-health pensions where the recipient is under deferred pension age and has been receiving the award for less than 10 years, and for reviewing the early payment of deferred pensions on ill-health grounds for so long as the recipient is below deferred pension age. [Regulation 77(1) and (2)]	Every 5 years the Authority will undertake ill health pension reviews on individuals who are under the deferred pension age and have been receiving the award for less than 10 years, and will review the early payment of deferred pensions on ill-health grounds for so long as the recipient is below deferred pension age. Injury awards will be reviewed in line with the recommendation made by IQMP in their certificate.
Consequences of review (Regulation 78)	If, following the review of a lower tier ill-health pension under Regulation 77, the scheme manager determines that the recipient is capable of performing the duties appropriate to the role from which the person retired on grounds of ill-health, the employer must consider whether or not to make an offer of re-employment. [Regulation 78(3)]	Where a member is receiving a lower tier ill-health pension and becomes capable of performing the duties appropriate to the role from which they retired, the Authority will consider making an offer of re-employment based on the individual circumstances.

Regulation	Explanation	Recommendation
Commencement of pensions (Regulation 79)	<p>If a deferred member requests, and is entitled to, the early payment of retirement pension on grounds of ill-health, the scheme manager must determine the date of payment as being the date on which the person became incapable of undertaking regular employment because of infirmity of mind or body or, if that date cannot be ascertained, the date of the member's request for early payment. [Regulation 79(7)]</p> <p>If a deferred member requests deferral of payment of a deferred pension beyond deferred pension age, or requests early payment with an early payment reduction before deferred pension age, the scheme manager will decide the payment date after the claim for payment has been made. [Regulation 79(8)]</p>	<p>A request for early payment of deferred benefits will only be considered in exceptional circumstances where there are grounds to justify this. Where it is considered that a deferred member is entitled to early payment of a deferred pension, or early payment of pension, the Authority will decide the payment date after the claim for payment has been made on an individual basis. Each case will be considered on its merits and full details of the circumstances will be required.</p>
Allocation election (Regulation 81)	<p>The scheme manager must give consent for the allocation of a portion of pension to a dependant who is not the spouse, civil partner or cohabiting partner of an active or deferred member. (Consent can be withheld if the scheme manager is not satisfied that the person nominated is not substantially dependent on the active member). [Reg.81 (3)(b) and (4)]</p>	<p>Before giving consent to the allocation, it must be demonstrated to the satisfaction of the Authority that the nominee is a person substantially dependent on the member. The Authority will consider financial evidence over a period of two years. Each case will be considered on its merits and full details of the circumstances will be required.</p>
Adjustment of allocated benefit (Regulation 84)	<p>If a member who has made an allocation election dies after reaching age 75, and the amount of allocated pension does not qualify as a dependant's scheme pension under section 167 of the Finance Act 2004 (pension death benefit rules), the amount may be adjusted in a manner determined by the scheme manager. [Regulation 84(1) and (2)]</p>	<p>Where an allocated pension does not qualify as a dependant's scheme pension, the Authority will adjust the amount accordingly.</p>

Regulation	Explanation	Recommendation
Meaning of "surviving partner" (Regulation 85)	A cohabiting partner may be considered a "surviving partner" and potentially qualify for a pension provided they meet certain conditions, one of which is that they must have been in a "long-term relationship" – a continuous period of at least two years – at the date at which entitlement needs to be considered. The scheme manager has discretion to allow the person to qualify where the period is less than two years. [Regulation 85(1)(b)(v) and (2)]	Where a Surviving Partner has been a in a long-term relationship for a continuous period of less than two years, the Authority will not consider that person to qualify unless in exceptional circumstances. Each case will be considered on its merits and full details of the circumstances will be required.
Person to whom lump sum death benefit payable (Regulation 104)	The scheme manager has absolute discretion as to the recipient of any lump sum death benefit payable. [Regulation 104]	The Authority will use their discretion on who receives any lump sum death benefit where the matter does not appear straightforward.
Payment of pensions under Part 6 "Death Benefits" (Regulation 109)	If a child's pension is due in respect of an eligible child under age 18, the scheme manager will determine to whom it should be paid and will give directions to that person as to how the payment should be applied for the eligible child's benefit. [Regulation 109(2)]	When paying Death Benefits to an eligible child under age 18, the Authority will make considerations on a case by case basis as to whom it should be paid and how the payment should be applied.
Surviving partner's pensions and eligible child's pensions: suspension and recovery (Regulation 110)	A scheme manager has the right to cease paying a surviving partner's pension and/or eligible child's pension and recover any payment made in respect of a pension where it appears to the scheme manager that the recipient made a false declaration, or deliberately suppressed a material fact in connection with the award. (This does not affect the scheme manager's right to recover a payment or overpayment under any other provision where the scheme manager considers it appropriate to do so). [Regulation 110(2) and (3)]	The Authority will cease payment of a surviving partner's pension and/or eligible child's pension and recover any payment made in respect of a pension where it appears a false declaration had been made or where a material fact has been deliberately suppressed.

Regulation	Explanation	Recommendation
Provisional awards of eligible child's pensions: later adjustments (Regulation 111)	If children's pensions have been made to certain persons on the basis that they were eligible children and there were no others, and subsequently it appears that any of those children were not eligible, or there was a further eligible child to whom no payment has been made, or that a child born after the member's death is an eligible child, the scheme manager has discretion to adjust the amount of pensions as required in view of the facts as they subsequently appear. The adjustments may be made retrospectively. (This does not affect the scheme manager's right to recover a payment or overpayment under any other provision where the scheme manager considers it appropriate to do so.) [Regulation 111(2) and (3)]	Where a child is eligible/ineligible to a child's pension, the Authority will adjust the pensions accordingly. Each case will be considered on its merits and full details of the circumstances will be required.
Adjustment of benefits to comply with Finance Act 2004 where members die over 75 (Regulation 113)	If a member dies after reaching age 75 and any part of a pension to which a person becomes entitled on the death would not qualify as a dependant's scheme pension for the purposes of section 167 of the Finance Act 2004 (the pension death benefit rules), the scheme manager has discretion to adjust the benefit payable to the person so that it would qualify under that section of the Act. [Regulation 113(1)(a) and (2)]	The Authority may adjust benefits payable to individuals who do not qualify as a dependant's scheme pension under the Finance Act 2004. Each case will be considered on its merits and full details of the circumstances will be required.
Member contributions (Regulation 119)	Where there is a change in scheme employment or a material change which affects the member's pensionable pay in the course of a financial year and the revised amount falls into a different contribution rate band, the scheme manager must determine that this rate should be applied and inform the member of the new contribution rate and the date from which it is to be applied. [Regulation 119(5)]	The Authority will assess contributions when there is a change to pensionable pay and revise contribution rates accordingly. Members will receive written communication of the change at the time of the change. When identifying the appropriate contribution rate, a reduction in pay in certain circumstances as listed in Regulation 120 are to be disregarded.

Regulation	Explanation	Recommendation
<p>Deduction and payment of contributions (Regulation 123)</p>	<p>Member contributions due under Regulation 119 may be deducted by the scheme employer from each instalment of pensionable pay as it becomes due, unless another method of payment has been agreed between the scheme manager and the member. [Regulation 123(1)]</p> <p>Contributions due in respect of absence from work on reserve forces service leave may be deducted from any payment made under Part 5 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951. [Regulations 123(2)]</p> <p>Contributions which the member is required to pay, or has elected to pay under Regulations 111 and 113 may be paid by a lump sum or by deduction from instalments of pensionable pay as agreed between the member and the scheme manager. [Regulation 123(3)]</p>	<p>The Authority will ensure that member contributions due under Regulation 119 may be deducted from each instalment of pensionable pay as it becomes due, unless another method of payment has been agreed between the Authority and the member. The Authority will ensure that member contributions due in respect of absence from work on reserve service leave may be deducted from any payment made under Part 5 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951. The Authority will ensure that member contributions which the member is required to pay, or has elected to pay under Regulations 120 and 121 may be paid by a lump sum or by deduction from instalments of pensionable pay as agreed between the member and the Authority, and agreed on a case by case basis.</p>
<p>Statement of entitlement (Regulation 144)</p>	<p>The scheme manager must specify in a statement of entitlement the "guarantee date" date by reference to which the cash equivalent or club transfer value is calculated; this date must fall within the three months beginning with the date of the member's application for the statement of entitlement and within ten days ending with the date on which the member is provided with the statement. The scheme manager has discretion, if it believes reasonable, to extend this date to within six months of the date of the member's application if, for reasons beyond the scheme manager's control, the information needed to calculate the transfer value cannot be obtained before the end of the three month period. [Regulation 144(4)]</p>	<p>The Authority will only extend the date of calculation of transfer value where the information needed to calculate the transfer value cannot be obtained before the end of the three month period, or where there are circumstances beyond their control. The date of extension will not be extended beyond six months of the member's application.</p>

Regulation	Explanation	Recommendation
<p>Request for acceptance of a transfer payment (Regulation 150). This applies to all schemes.</p>	<p>There is a time limit of one year from becoming an active member in which a person can request a transfer payment from a non-occupational pension scheme. The scheme manager has the discretion to extend this period. [Regulation 150(3)]</p>	<p>It is not the policy of the Authority to consider extending the time limit for a transfer in of previous pension rights to proceed after twelve months of joining unless:</p> <p>(i) the scheme member has requested that investigations commence within the twelve month time limit, or</p> <p>(ii) if there is reason to believe that the individual would not have known of the need to request an investigation into potential transfer in or previous pension rights within the twelve month time limit, and the HR and/or pension files support this. Only in exceptional circumstances will a longer period be allowed so long as there is no known reason or prospect of the employee having access to their pension rights within the next 12 months.</p> <p>This also applies to occupational pension scheme transfer requests.</p>
<p>Transfer statement (Regulation 151)</p>	<p>The scheme manager can require an active member to ask the scheme manager of a previous non-club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count provided that the transfer date falls within two months of the date of the statement. [Regulation 151(2)]</p>	<p>Apply this discretion; each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
Club transfer value statement (Regulation 153)	The scheme manager can require an active member to ask the scheme manager of a previous club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count provided that the transfer date falls within two months of the date of the statement. [Regulation 153(2)]	Apply this discretion; each case will be considered on an individual basis.
Appeals and determinations Appeal concerning entries on the certificate (Regulation 157)	If a member is not satisfied with a certificate setting out the details in their pension account(s) as required under Regulation 156, they can require the scheme manager to deal with their disagreement under arrangements implemented by the scheme manager in accordance with the requirements of section 50 of the Pensions Act 1995 (resolution of disputes) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. The scheme manager must have these arrangements in place. [Regulation 157(1)]	If a member is not satisfied with a certificate setting out the details in their pension account(s) as required under Regulation 156, the member can follow the Internal Dispute Resolution Procedure (IDRP) to seek resolution.

Regulation	Explanation	Recommendation
<p>Expenses of each party (Regulation 161)</p>	<p>If the medical appeal board determines in favour of the scheme manager and states that in its opinion the appeal was frivolous, vexatious or manifestly ill-founded, the scheme manager can require the appellant to pay such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(2)]</p> <p>If the appellant withdraws the appeal requesting cancellation, postponement or adjournment of the date appointed for interview and/or medical examination less than 22 working days before the date appointed, the scheme manager can require the member to pay such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(3)(a)]</p> <p>If the appellant's acts or omissions cause the board to cancel, postpone or otherwise adjourn the date appointed or interview and/or medical examination less than 22 days before the date appointed, the scheme manager can require the member to pay such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(3)(b)]</p>	<p>In each of the circumstances above, the Authority will require the appellant to pay the maximum sum allowable not exceeding the total amount of the fees and allowances payable to the board under Regulation 170(1).</p>

Regulation	Explanation	Recommendation
<p>Role of IQMP in determinations by the scheme manager (Regulation 162)</p>	<p>The scheme manager must select an Independent Qualified Medical Practitioner (IQMP) to provide a written opinion in respect of medical matters which may only be decided by having regard to such an opinion. [Regulation 162(1)]</p> <p>If a person wilfully or negligently fails to submit to medical examination by the selected IQMP and the IQMP is unable to give an opinion on the basis of the medical evidence available, the scheme manager can make the determination based on such medical evidence as the scheme manager thinks fit, or without medical evidence. [Regulation 162(7)]</p>	<p>Where an individual negligently fails to submit to medical examination by the IQMP and the IQMP is unable to provide an opinion on the basis of the medical evidence available, the Authority will make determination based on such medical evidence as they deem fit, or without medical evidence.</p>
<p>Review of medical opinion (Regulation 163)</p>	<p>Where a member requests a review of an IQMP's opinion in the light of new evidence received by the scheme manager within 28 days of the member having received the opinion, the scheme manager may agree to giving the IQMP the opportunity of reviewing the opinion. [Regulation 163(1). Upon receiving the IQMP's response the scheme manager must confirm or revise its original determination and advise the member accordingly. [Regulation 163(4) and (5)]</p>	<p>Where the Authority receives new evidence from a member within 28 days of the opinion; the Authority will request the IQMP to review the opinion. Upon receiving the IQMP's advice, the Authority will confirm or revise its original determination and advise the member accordingly.</p>

Regulation	Explanation	Recommendation
Notice of appeal (Regulation 165)	If a member wishes to appeal against a determination made by the scheme manager and their grievance lies in the medical opinion upon which the determination was based, they can appeal to a board of medical referees. The appeal must be made within 28 days of the date on which the member receives the relevant documents under Regulation 164(4). If the appeal is not made within this time limit and the scheme manager is of the opinion that the person's failure to give notice within the required period was not due to the person's own default, the scheme manager has a discretion to extend the time limit for such period as the scheme manager considers appropriate, not exceeding six months from the date the Regulation 164(4) documents were supplied. [Regulation 165(2)]	Where an appeal is not made within the specified time limit and the Authority believes it is not due to the person's own default, the Authority will extend the time limit for appeal by a maximum of one month from the date of the original appeal deadline.
Reference of appeal to the board (Regulation 166)	Where a member has given notice of appeal to a board of medical referees, before the board arranges a time and place for the interview and medical examination a member of the board will review the documents supplied to the board in accordance with Regulation 166. If the board member is of the opinion that the board may regard the appeal as frivolous, vexatious or manifestly ill-founded the board member will notify the Secretary of State accordingly. This will be copied to the scheme manager who must, in turn, send a copy of it to the scheme member advising that if their appeal is unsuccessful, the member may be required to pay the scheme manager's costs and requesting notification from the member as to whether, in the circumstances, they wish to continue with, or withdraw, the appeal. [Regulation 166(8) to (12)]	Where a Medical Appeal Board decide that a person's appeal was 'frivolous, vexatious or manifestly ill-founded' the Authority will require the appellant to pay any sum they deem fit subject to capping as per the regulations.

Regulation	Explanation	Recommendation
Procedure where appeal to be pursued (Regulation 167)	The scheme manager must decide which persons will attend the interview as its representatives. The scheme manager must also decide whether or not to submit written evidence or a written statement (and must decide a response to any written evidence or written statement from the appellant). [Regulation 167(6) to (9)]	The Authority will submit written evidence to a Medical Appeal Board in accordance with the regulations.
Appeals on other issues (Regulation 173)	If a member disagrees with a scheme manager's determination of award under Regulation 161 and the disagreement does not involve an issue of a medical nature, the member can require the scheme manager to deal with the disagreement under requirements which the scheme manager must have in place in accordance with section 50 of the Pensions Act 1995 (requirement for dispute resolution arrangements) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. [Regulation 173]	Where a member disagrees with the Authority's determination of award under Regulation 161 and the disagreement does not involve an issue of a medical nature, the member can follow the Internal Dispute Resolution Procedure (IDRP) to seek a resolution.
Payment of pensions Commutation of small pensions (Regulation 177)	If the pension entitlement of a member of the scheme, or the pension entitlement of a member's beneficiary, does not exceed the small pensions commutation maximum the scheme manager may pay the entitlement as a lump sum. This would, however, be subject to the consent of the recipient and must comply with the commutation provisions that apply in the circumstances. [Regulation 177(3)]	Where appropriate the Authority will allow the conversion of a small pension to a single lump sum in accordance with the financial limits set. Each case will be considered on an individual basis.

Regulation	Explanation	Recommendation
<p>Payments for persons incapable of managing their affairs (Regulation 178)</p>	<p>If it appears to the scheme manager that a person other than an eligible child who is entitled to benefits under the scheme, is by reason of mental incapacity or otherwise, incapable of managing his or her affairs, the scheme manager may pay the benefits or any part of them to a person having the care of the person entitled, or such other person as the scheme manager may determine, to be applied for the benefit of the person entitled. If the scheme manager does not pay the benefits in this way, the scheme manager may apply them in such manner as it may determine for the benefit of the person entitled, or any beneficiaries of that person. [Regulation 178]</p>	<p>The Authority will make the final decision as to the recipient to receive any sum payable to a person incapable of managing their own affairs.</p>
<p>Payments due in respect of deceased persons (Regulation 179)</p>	<p>If, when a person dies, the total amount due to that person's personal representatives under the scheme (including anything due at the person's death) does not exceed the limit specified in the Administration of Estates (Small Payments) Act 1965, the scheme manager can pay the whole or part of the amount due to the personal representatives or any person or persons appearing to the scheme manager to be beneficially entitled to the estate, without requiring the production of grant of probate or letters of administration. [Regulation 179]</p>	<p>When paying personal representatives death benefits, the Authority will consider each case on an individual basis.</p>

Regulation	Explanation	Recommendation
<p>Forfeiture: offences committed by members, surviving partners or eligible children (Regulation 181)</p> <p>Forfeiture of pensions: offences committed by other persons (Regulation 182)</p> <p>Forfeiture of lump sum death benefit: offences committed by other persons (Regulation 183)</p> <p>Forfeiture: relevant monetary obligations and relevant monetary losses (Regulation 184)</p>	<p>If a member, surviving partner or eligible child is convicted of a relevant offence, the scheme manager can withhold pensions payable under the scheme to a member, any person in respect of the member, a surviving partner or an eligible child, to such extent and for such duration as it considers appropriate. "Relevant offence" is defined in this Regulation. The definition includes offences injurious to the State (including treason) or likely to lead to a serious loss of confidence in the public service. There are certain conditions set out in the Regulation, e.g. it is only the part of the pension that exceeds any guaranteed minimum pension that can be withheld. [Regulation 181 (1), (2), (3) and (5).]</p> <p>Where a pension is withheld, the scheme manager can at any time, and to such extent and for such duration as the manager thinks fit, apply the pension for the benefit of any dependant of the member or restore it to the member. [Regulation 181 (4)]</p> <p>If a surviving partner or eligible child is convicted of the murder of a scheme member from whose benefits their pension would be derived the scheme manager must withhold all of the survivor's or child's pension otherwise payable. However, if a surviving partner or eligible child is convicted of the manslaughter of the member or any other offence, apart from murder, of which the unlawful killing of the member is an element, the scheme manager has discretion as to whether or not to withhold the pension to which they would otherwise be entitled. The amount withheld must only be that part of the pension which exceeds any guaranteed minimum pension. If the conviction is subsequently quashed, the pension must be restored with effect from the day after the date on which the member died. If, after the conviction has been quashed, the person is again convicted of murder, manslaughter or an associated offence as outlined above, any restoration is cancelled. [Regulation 182(1) to (5)]</p>	<p>When forfeiting a pension, the Authority will consider each case on an individual basis and details of full circumstances will be required.</p>

Regulation	Explanation	Recommendation
	<p>If a person is convicted of a relevant offence, i.e. the murder or manslaughter of the member, or any other offence of which the unlawful killing of the member is an element, the scheme manager must withhold all of any lump sum death benefit payable to that person. If, however, the conviction is subsequently quashed on appeal, the scheme manager may, to such extent and for such duration as it thinks fit, restore to the person the amount of benefit withheld. If, after the conviction has been quashed, the person is again convicted of murder, manslaughter or an associated offence as outlined above, any restoration is cancelled. [Regulation 183]</p> <p>If a member has a relevant monetary obligation or has caused a relevant monetary loss, the scheme manager may, to such extent and for such duration as it considers appropriate, withhold benefits payable to that person under the scheme. "Relevant monetary obligation" and "relevant monetary loss" are defined in the Regulation. There are certain limits, e.g. the amount withheld may only be that which exceeds the person's guaranteed minimum pension and the scheme manager may only withhold it if there is no dispute about the amount or, if there is, there is a court order or the award of an arbitrator. The monetary obligation must have been incurred to the employer after the person became an active member and arising out of or connected with the scheme employment in respect of which the person became a member of the scheme, and arising out of the person's criminal, negligent or fraudulent act or omission. The procedure is set out in Regulation 186. [Regulation 184]</p>	

Regulation	Explanation	Recommendation
Set-off (Regulation 185)	A scheme manager has a discretion to set off a "relevant monetary obligation" against a member's entitlement to benefits under the scheme, subject to certain conditions which are similar to those contained in Regulation 184 (Forfeiture). The procedure is set out in Regulation 186. [Regulation 185]	Where the Authority proposes to withhold benefits, the procedure set out in Regulation 186 will be followed. The Authority will consider each case on an individual basis.
Payment on behalf of members of lifetime allowance charge (Regulation 188)	At a scheme member's request the scheme manager may pay, on the member's behalf, any amount that is payable by way of the lifetime allowance charge under section 214 of the Finance Act 2004. The scheme manager may only comply with the request if the member pays the amount in question on or before the date on which the event occurs or the member authorises the deduction of the amount from a lump sum becoming payable to the member under the scheme at the same time as the event occurs. [Regulation 188]	A decision will be made on a case by case basis by the Chief Fire Officer, in consultation with the Treasurer.
Added pension Amount of accrued added pension may not exceed overall limit of extra pension (Schedule 1 Part 1, Paragraph 4)	The total amount of accrued added pension must not exceed a certain limit. If it appears to the scheme manager that a member who has elected to make periodical contributions will exceed the limit the scheme manager may cancel the election (by written notice to the member). [Schedule 1 Part 1, Paragraph 4]	Where it appears that a member who has elected to make periodical contributions will exceed the limit, it is likely that the Authority will cancel the election. Each case will be considered on an individual basis.
Member's election to make periodical contributions for added pension (Schedule 1 Part 1, Paragraph 7)	If a scheme member wishes to make periodical payments for added pension, the scheme manager can set a minimum amount which must be paid. [Schedule 1 Part 1, Paragraph 7(3)]	Where a Scheme Member wishes to make periodical payments for added pension, before the method of payment is agreed, the Authority will liaise with the pension administrators to set the minimum amount which must be paid.

Regulation	Explanation	Recommendation
<p>Periodical payments (Schedule 1 Part 2, Paragraph 8)</p>	<p>If a scheme member wants to make periodical payments for added pension, but does not want them to be deducted from pensionable pay, the scheme manager may agree another method of payment. [Schedule 1 Part 2, Paragraph 8 (3)]</p>	<p>The scheme manager will not allow a member to make periodical payments for added pension except by deduction from pensionable pay.</p>
<p>Periodical payments during periods of assumed pensionable pay (Schedule 1 Part 2, Paragraph 10)</p>	<p>After a period of assumed pensionable pay or a period of reduced pay, the member may give written notice to the scheme manager authorising the employer to deduct the aggregate of payments – which would have been made but for the leave – from the member's pay during the period of six months from the end of the period of reduced pay. The scheme manager can extend this period of six months. [Schedule 1 Part 2, Paragraph 10(4)]</p>	<p>The Authority will not extend the period of six months for payments during periods of assumed pensionable pay unless in exceptional circumstances.</p>
<p>Tapered Protection Meaning of "tapered protection closing date" (Schedule 2 Part 1, Paragraph 3)</p>	<p>The tapered protection closing dates for tapered protection members are given in the 1992 scheme tables in Schedule 2 Part 4. In most cases the appropriate closing date can be ascertained by reference to the band of dates in which the firefighter's birthday falls. The tapered protection date for a tapered protection member of FPS 2007 to whom paragraph 9(5) or 21 applies (members returning to pensionable service) is determined by the scheme manager. [Schedule 2 Part 1, Paragraph 3(3); Schedule 2 Part 2, Paragraph 9(5); and Schedule 2 Part 3, Paragraph 21]</p>	<p>Scheme Members were notified of their tapered protection dates at the time the 2015 scheme was introduced.</p>

Part 2 applies to all firefighters who are members of 'The Firefighters' Pension Scheme (Wales) Regulations 2007

Regulation	Explanation	Recommendation
<p>Rule 1(6) to (9) - Discretion to accept the status of "nominated partner" where the scheme member and partner had been in a relationship for less than 2 years.</p>	<p>Subject to the other requirements of nomination as set out in Part 2, Rule 1 of the Firefighters' Pension Scheme (Wales) Order 2007 having been met, the Fire and Rescue Authority have discretion to accept a scheme member's nomination of a partner before their relationship has continued for a period of two years.</p>	<p>Before giving consent to the allocation, it must be demonstrated to the satisfaction of the Authority that the nominee is a person substantially dependent on the member. Each case will be considered on an individual basis and full details of the circumstances will be required.</p>
<p>Pension on member-initiated early retirement. (Rule 5)</p>	<p>If a firefighter member, other than a special firefighter member, satisfies an eligibility condition, is awarded a deferred pension, and at age 55 or over but before normal benefit age (65) requests early payment by giving written notice to the Fire and Rescue Authority, the Authority have discretion to refuse the request if the pension as reduced by the appropriate amount of actuarial reduction is likely to be less than the guaranteed minimum pension that would be payable from State pensionable age.</p>	<p>The Authority may refuse a firefighter's request for early payment of a deferred pension where this is likely to be less than the GMP at State pensionable age. Each case will be considered on an individual basis.</p>
<p>Authority-initiated early retirement. (Rule 6)</p>	<p>The Fire and Rescue Authority, having regard to the economical, effective and efficient management of their functions and the costs likely to be incurred in a particular case, can determine that a firefighter – other than a special firefighter member – who is at least age 55 but under normal retirement age (60) should be retired from the Authority's employment with immediate payment of a pension calculated on the same principles as an ordinary pension under Part 3, Rule 1 of the Firefighter's Pension Scheme (Wales) Order 2007.</p>	<p>The Authority will not normally grant early payment of benefits for business efficiency purposes or waive any actuarial reduction, except in exceptional circumstances, after considering the business case; agreement must be given by the Chief Fire Officer, in consultation with the Treasurer.</p>

Regulation	Explanation	Recommendation
<p>Discretion to determine that certain payments, not otherwise pensionable, should be treated as such for the credit of Additional Pension Benefit to the firefighter member. (Rule 7B)</p>	<p>The Fire and Rescue Authority have discretion to determine that the benefits referred to in Rule 7B(5) can be treated as pensionable for the credit to the firefighter of Additional Pension Benefit.</p> <p>(But note that in accordance with Part 11, Rule 1(6), where an allowance or supplement paid to a firefighter was being treated as pensionable before 1 July 2013 but is not pensionable pay within the meaning of Part 11, Rule 1(a), it shall continue to be treated as pensionable for so long as the firefighter continues to receive it without any break in payment.)</p>	<p>The Authority will treat CPD payments and Temporary Promotions as pensionable APBs.</p>
<p>Discretion to commute a small pension to a trivial commutation lump sum. (Rule 10)</p>	<p>If the total amount of any pension(s) payable to a member who has attained State pensionable age, under Part 3 and, if relevant, under Part 6, Rule 1 (pension credit pension) of the Firefighters' Pension Scheme (Wales) Order 2007, together with any increase under the Pension (Increase) Act 1971, does not exceed the commutation limit for the purposes of Part 1 of Schedule 29 to the Finance Act 2004 (lump sum rule), the Fire and Rescue Authority can, if it is considered appropriate, commute the pension(s) to a lump sum in accordance with the guidance of the Scheme Actuary.</p>	<p>Where appropriate the Authority will allow the conversion of a small pension to a single lump sum in accordance with the financial limits set. Each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
<p>Discretion to permit a firefighter to allocate a portion of pension for a dependant other than a spouse, civil partner, or nominated partner. (Rule 11, paragraphs 2(b) and 3)</p>	<p>The Fire and Rescue Authority can withhold consent for the allocation of a portion of pension for a person other than the member's spouse, civil partner or nominated partner if they are not satisfied that the person is substantially dependent on the firefighter member.</p>	<p>Where a portion of a pension has been allocated to a dependent who is not a spouse, civil partner or cohabiting partner of the member, the Authority will withhold the payment if they cannot be satisfied that the person nominated is substantially dependent on the member. Each case will be considered on an individual basis and full details of the circumstances will be required.</p>
<p>Requirement for, and acceptance of, an opinion as to normal life expectancy for allocation purposes. (Rule 11, paragraph 6(a))</p>	<p>If a member of the Firefighters' Pension Scheme 2007 wishes to allocate a portion of pension in favour of a beneficiary, that member must satisfy the Fire and Rescue Authority as to his/her normal life expectancy at the time of the request. There is no detail of how this should be done, e.g. a medical opinion from the firefighters' GP, or the Occupational Health Physician or IQMP, and so the Authority must decide their policy as to the method of proof.</p>	<p>Where a Firefighter elects to give up part of their pension (as per Part 3, Rule 11, Paragraphs 2(b) and 3), the Authority requires them to undertake a medical examination to ensure they are in good health before permitting them to do so. The Authority will refer the individual to the IQMP; costs will be met by the member.</p>
<p>Pension debit members. (Rule 12)</p>	<p>The Fire and Rescue Authority must provide pension valuations and such information as may be required in relation to divorce or dissolution of civil partnership proceedings and will take appropriate steps to record and administer Attachment Orders. In the event of a Pension Sharing Order, the scheme member's pension rights will be apportioned in accordance with the directions of the Court, divorce/dissolution legislation, Part 3, Rule 12 of the Firefighters' Pension Scheme (Wales) Order 2007, and the guidance and factors prepared by the Scheme Actuary.</p> <p>The Authority may determine the charges to be made for administration.</p>	<p>Apply this discretion; the Authority will determine appropriate charges for this administration.</p>

Regulation	Explanation	Recommendation
<p>Part 4 Discretion, subject to request of surviving spouse, civil partner or nominated partner of a firefighter member, to commute their pension to a trivial commutation lump sum. (Rule 5)</p> <p>Discretion, subject to consent of child's remaining parent, guardian or the child (if not a minor) to commute a child's pension to a trivial commutation lump sum. (Rule 12)</p>	<p>If the total amount of any pension payable to a surviving spouse, civil partner or nominated partner under the provisions of the Firefighters' Pension Scheme (Wales) Order 2007, does not exceed the commutation limit for the purposes of paragraph 20 of Schedule 29 to the Finance Act 2004 (lump sum death benefit) and if the recipient so requests, the Fire and Rescue Authority may commute the whole of the pension for a lump sum in accordance with factors prepared by the Scheme Actuary and in force at the time when the commutation takes effect.</p> <p>If the total amount of a child's allowance payable under the provisions of the Firefighters' Pension Scheme (Wales) Order 2007 does not exceed the commutation limit for the purposes of paragraph 20 of Schedule 29 to the Finance Act 2004 and</p> <p>(a) the Fire and Rescue Authority are satisfied that there are sufficient reasons, and</p> <p>(c) a surviving parent or the child's guardian or – if neither – the child (if not a minor) consents,</p> <p>the Authority have discretion to commute the pension for a lump sum in accordance with the guidance of the Scheme Actuary at the time when the pension first becomes payable.</p>	<p>The Authority may allow the conversion of a small pension to a single lump sum in accordance with the financial limits set. Each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
<p>Part 5: Awards on death</p> <p>66. Discretion as to recipient of death grant and post-retirement death grant. (Rules 1 and 2)</p>	<p>Upon the death of a firefighter member or pensioner member, the Fire and Rescue Authority may pay a death grant assessed in accordance with Part 5, Rules 1 and 2 of the Firefighters' Pension Scheme (Wales) Order 2007 to such person or persons as the Authority think fit, in accordance with Part 5, Rule 1, paragraph 10 of the Order.</p>	<p>The Authority will make the final decision as to the recipient for a post retirement death grant as they feel appropriate.</p>
<p>Part 6: Pension sharing on divorce</p> <p>68. Discretion, with the agreement of the pension credit member, to commute the whole of a pension credit pension to a trivial commutation lump sum. (Rule 2)</p>	<p>In the circumstances described in regulation 3(2)(b) of the Pension Sharing (Pension Credit Benefit) Regulations 2000, if the total amount of a pension credit pension payable under the provisions of the Firefighters' Pension Scheme (Wales) Order 2007 does not exceed the commutation limit for the purposes of paragraph 20 of Schedule 29 to the Finance Act 2004 and</p> <p>a) the Fire and Rescue Authority are satisfied that there are sufficient reasons, and</p> <p>b) the pension credit member consents,</p> <p>the Authority can commute the pension for a lump sum calculated in accordance with factors provided by the Scheme Actuary current at the time of the commutation.</p>	<p>In the circumstances of divorce, the Authority may allow the conversion of a small pension to a single lump sum in accordance with the financial limits set. Each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
<p>Discretion to pay a post-retirement death grant in respect of a pension credit member to such person or persons as the Fire and Rescue Authority think fit. (Rule 5, paragraph 2)</p>	<p>If a pension credit member dies within five years of their entitlement to a pension credit pension coming into payment and before their 75th birthday and there is a difference between</p> <ul style="list-style-type: none"> <input type="checkbox"/> the amount that is five times the pension, calculated at the annual rate effective on the day that it came into payment, and <input type="checkbox"/> the instalments of pension that have been paid <p>the Fire and Rescue Authority can pay a post-retirement death grant of the amount of the difference to such person or persons as the Authority think fit.</p>	<p>The Authority will make the final decision as to the recipient for a post retirement death grant as they feel appropriate.</p>
<p>Part 8: Determination of questions and appeals 70. Discretion to extend time limit for an appeal against the Fire and Rescue Authority's decision based on medical advice. (Rule 4, paragraph 4)</p>	<p>If a person who wishes to appeal under Part 8, Rule 4 of the Firefighters' Pension Scheme (Wales) Order 2007 against a decision based on medical advice, fails to submit the appeal notice and any supporting documents within the 28 days permitted for lodging such an appeal, the Fire and Rescue Authority has discretion to extend the 28 day time limit.</p>	<p>Where an appeal is not made within the specified time limit and the Authority believe it is not due to the person's own default, the Authority will extend the time limit for appeal by a maximum of one month from the date of the original appeal deadline.</p>

Regulation	Explanation	Recommendation
<p>Discretion to withdraw the whole or part of a Part 3 (personal awards) pension for any period during which the person entitled to it is again employed as a firefighter, or in any other capacity, by any Fire and Rescue Authority. (Rule 3)</p>	<p>The withdrawal of pension on re-employment is at the discretion of the Fire and Rescue Authority, however an Authority will normally have regard to the terms of Part 9, Rule 3, to the abatement principles set out in Firefighters' Pension Scheme Circular 10/2009, and to HM Treasury guidance, i.e. the pension due under the Firefighters' Pension Scheme 2007 plus remuneration from the new employment should not exceed the pensionable pay upon which the Firefighters' Pension Scheme 2007 pension was calculated (taking account of cost-of-living increases). To the extent that it does, so shall the Firefighters' Pension Scheme 2007 pension be reduced for the duration of the employment.</p>	<p>Where a firefighter has retired and been re-employed as a firefighter, their pension will be subject to abatement.</p>
<p>Discretion to disallow early payment of a deferred pension under Part 3, Rule 3, paragraph 4 because of firefighter's dismissal from a Fire and Rescue Authority's employment. (Rule 4)</p>	<p>The Fire and Rescue Authority have discretion to disallow payment of a deferred pension before age 65, or before age 60 in the case of a special retained member, to a firefighter who is dismissed from the Authority's employment if this is felt to be appropriate in a particular case.</p> <p>The reason for "dismissal" is not mentioned. The Authority may wish to consider a difference in treatment between dismissal because of an offence and dismissal because of medical capability (where the person would not be entitled to an ill-health award).</p>	<p>Early payment of a deferred pension due to permanent disability may not be made where a Firefighter has been dismissed from the Authority. Each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
<p>Discretion to withdraw pension in whole or in part, permanently or temporarily, on a person's conviction of certain offences. (Rule 5, paragraphs 1 to 3)</p>	<p>The Fire and Rescue Authority have discretion to use the powers contained in Part 9, Rule 5, paragraphs 1 to 3 of the Firefighters' Pension Scheme (Wales) Order 2007 to withdraw a pension in whole or in part, permanently or temporarily where a pensioner has been convicted of an offence if the Authority decide it would be appropriate according to the circumstances of any case which falls within the terms of Part 9, Rule 5 of the Order and subject to the certification of the Secretary of State where required.</p>	<p>Where an individual is convicted for offences covered in Part 9 Rule 5, each case will be considered on an individual basis.</p>
<p>Discretion, at any time and to such extent as a Fire and Rescue Authority think fit, to restore a pension withdrawn under Part 9, Rule 5, paragraphs 1 to 3, or to apply it for the benefit of any dependant of the pensioner. (Rule 5, paragraph 4)</p>	<p>If the Fire and Rescue Authority withdraw a pension under Part 9, Rule 5, paragraphs 1 to 3 of the Firefighters' Pension Scheme (Wales) Order 2007, subject to the circumstances of the case they may consider applying it for the benefit of any dependant of the pensioner or restoring it to the pensioner.</p>	<p>The Authority may restore a pension withdrawn under Part 9, Rule 5 or apply it for the benefit of any dependent of the pensioner. Each case will be considered on an individual basis.</p>
<p>Discretion to decide to what extent an award should be forfeited by a person who has been convicted of an offence under section 34(6) of the Fire and Rescue Services Act 2004 (acts or omissions for purposes of obtaining awards or other sums). (Rule 6)</p>	<p>If a person has been convicted of an offence under section 34(6) of the Fire and Rescue Services Act 2004 (acts or omissions for purposes of obtaining awards or other sums) the Fire and Rescue Authority have discretion to require such amount of the pension to be forfeited as they think appropriate to the circumstances of the case.</p>	<p>The Authority will consider to what extent an award should be forfeited in the circumstances described in Part 9, Rule 6. Each case will be considered on an individual basis.</p>

Regulation	Explanation	Recommendation
Part 11 Discretion to deduct pension contributions from each instalment of pensionable pay as it becomes due (or by any other method of payment that may be agreed between a Fire and Rescue Authority and the member). (Rule 3, paragraph 2)	Contributions are normally deducted from instalments of pay but the Fire and Rescue Authority have discretion to collect the contributions due by other means should the need arise.	Each case will be considered on an individual basis.
Discretion to extend time limit in which a member, other than a special firefighter member, may apply for a transfer value payment from a non occupational pension scheme. (Rule 9(1)(c)(ii))	The Fire and Rescue Authority have discretion to accept a scheme member's application for a transfer value payment from a non-occupational pension scheme where the application is made more than one year after the member first became eligible to be a firefighter member.	The Authority will not extend the one year time limit unless in extenuating circumstances, e.g. the Pension Administrator has not actioned the member's request.
Discretion to recover all or part of an overpayment following a pensioner's death of which a Fire and Rescue Authority were not informed (possibly by making an off-set against any other awards payable under the Firefighters' Pension Scheme 2007 in respect of the deceased). (Rule 3, paragraph 5)	Where the Fire and Rescue Authority are not informed of the death of a pensioner and, as a result, the pension has continued in payment, the Authority have discretion to recover all or part of the overpayment as they think fit and may recover it by off-set against any other award payable under the Firefighters' Pension Scheme (Wales) Order 2007 in respect of the deceased.	The Authority will recover any overpayments made following a pensioner's death in line with HM Treasury's 'Managing Public Money' guidance.
Discretion, following the death of a person, as to recipient(s) of sums less than the amount specified in the Administration of Estates (Small Payments) Act 1965. (Rule 6, paragraph 1)	Upon the death of a person to whom there was due, in respect of an award, a sum not exceeding (currently) £5,000, the Fire and Rescue Authority may pay the sum due to the person or persons as the Authority think fit without requiring production of Grant of Probate or any other proof of entitlement.	Apply this discretion.

Regulation	Explanation	Recommendation
<p>Discretion to withhold sums due in respect of an award to a firefighter where there has been a loss to the funds of the Fire and Rescue Authority as a result of fraud, theft or negligence on the part of that person in connection with his/her employment. (Rule 6, paragraphs 4 to 7)</p>	<p>If there has been a loss to the funds of the Fire and Rescue Authority as a result of fraud, theft, or negligence on the part of a firefighter in connection with his/her employment, the Authority can consider using the powers contained in Part 14, Rule 6 of the Firefighters' Pension Scheme (England) Order 2006 to withhold all or part of any sums becoming due to him/her from the Authority in respect of an award. The total amount withheld must not exceed the amount of the loss nor any part of a sum due that is not attributable to service as an employee of a Fire and Rescue Authority. In the event of any dispute as to the amount of the loss, nothing must be withheld unless the loss has become recoverable from the person entitled to the award under the order of a competent court. The Authority must provide the person entitled to the award with a certificate showing the amount withheld.</p>	<p>The Authority will withhold sums due in respect of an award to a firefighter where there has been a loss to the funds of NWFRA as a result of fraud, theft or negligence on the part of that person in connection with his/her employment.</p>
<p>Discretion to extend 28 day time limit, in which a person must lodge a medical appeal, to a period not exceeding 6 months. (paragraph 1(2))</p>	<p>The Fire and Rescue Authority has discretion to permit the extension of the 28-day time limit in which a person must lodge a medical appeal, to a period not exceeding 6 months from the date of issue of the documents under Part 8, Rule 4, paragraph 4 of the Firefighters' Pension Scheme (Wales) Order 2007.</p>	<p>Where an appeal is not made within the specified time limit and the Authority believe it is not due to the person's own default, the Authority will extend the time limit for appeal by a maximum of one month from the date of the original appeal deadline.</p>

Regulation	Explanation	Recommendation
<p>Discretion, where Medical Appeal Board determines an appeal in favour of the Fire and Rescue Authority and states that, in its opinion, the appellant's appeal was "frivolous, vexatious or manifestly ill-founded", to require the appellant to pay to the Fire and Rescue Authority such sum as the Authority think fit, not exceeding the total amount of fees and allowances payable by the Authority to the Board under Annex 2, paragraph 9(1). (paragraph 10(2))</p>	<p>If the Medical Appeal Board decides an appeal in favour of the Fire and Rescue Authority and reports that in its opinion the appeal lodged by the appellant was frivolous, vexatious or manifestly ill-founded, the Authority can require the appellant to pay the Authority such sum as is equal to, but not greater than, the total amount of fees and allowances payable to the Board as determined by the Secretary of State. (See requirement to inform person of this possibility under Annex 2, paragraph 4(5)(i)).</p>	<p>Where a Medical Appeal Board decide that a person's appeal was 'frivolous, vexatious or manifestly ill-founded' the Authority will require the appellant to pay any sum they deem fit subject to capping as per the regulations.</p>
<p>Discretion to require the appellant to pay to the Fire and Rescue Authority such sum as the Authority think fit, not exceeding the Medical Appeal Board's total amount of fees and allowances payable to the Board by the Authority under Annex 2, paragraph 9(1), in circumstances where the appellant gives notice to the Medical Appeal Board, withdrawing the appeal or requesting cancellation of, postponement of, or adjournment of, the date appointed for the medical examination less than 22 working days before the appointed date, or if the appellant's acts or omissions cause the Board to cancel, postpone or otherwise adjourn less than 22 days before the appointed date. (paragraph 10(3))</p>	<p>If the appellant withdraws an appeal or requests cancellation of, postponement of, or adjournment of the date appointed for an interview or medical examination by the Medical Appeal Board less than 22 working days before the appointed date, or if the appellant's acts or omissions cause the Board to cancel, postpone or otherwise adjourn the date appointed, the Fire and Rescue Authority has discretion to require the appellant to pay the Authority such sum as is equal to, but not greater than, the total amount of fees and allowances payable to the Board under Annex 2, paragraph 9(1) of the Firefighters' Pension Scheme (Wales) Order 2007.</p>	<p>Where an appellant withdraws their appeal less than 22 working days before the date appointed for interview or medical examination, the Authority will require the appellant to pay any sum they deem fit subject to capping as per the regulations.</p>

Part 3 applies to all firefighters who are members of 'The Firefighters' Pension Scheme (Wales) Regulations 1992'.

Regulation	Explanation	Recommendation
FPS (1992) Temporary Pay	To determine if the difference between the firefighters' basic pay in their day role and any pay received whilst on temporary promotion or where they are temporarily required to undertake the duties of a higher role is to be treated as pensionable pay under Additional Pension Benefit arrangements.	Temporary Promotion to be treated under Additional Pension Benefit arrangements (unless the period meets the protection criteria under the Scheme Order July 2013).
FPS (1992) Rule B5C – Temporary Allowances.	To determine if any allowance or supplement to reward additional skills and responsibilities that are applied and maintained outside the requirements of a firefighter's duties under the contract of employment but are within the wider functions of the role are to be treated as pensionable pay under Additional Pension Benefit arrangement.	It is recommended to consider each allowance or supplement on a case by case basis. (In accordance with Rule G1(9), where an allowance or supplement paid to a firefighter was being treated as pensionable before 1 July 2013 but is not pensionable pay within the meaning of Rule G1(1)(a), it should continue to be treated as pensionable for so long as the firefighter continues to receive it without any break in payment.)

Regulation	Explanation	Recommendation
<p>FPS 1992 Rule B7 (5a) Consent for one quarter pension to be commuted in the case of a firefighter who, upon retirement, would otherwise not be permitted to commute such portion of pension as would provide a greater lump sum than two and a quarter times the full amount of pension</p>	<p>This proposal will allow employers the ability to permit those 1992 scheme members with less than 30 years' service and under age 55 years to commute the maximum of a quarter of their pension for a lump sum on retirement. Under the new provision, the employer would be liable for any additional cost which could be substantial should they exercise this discretion. A full business case would be needed demonstrating the economical, effective and efficient management of its functions with associated costs.</p>	<p>The Authority will not normally consent to such requests, except in exceptional circumstances, after considering a fully documented business case; agreement must be given by the Chief Fire Officer, in consultation with the Treasurer.</p>
<p>FPS 1992 Rule B9 (2b) Allocation of a portion of pension for a dependant other than a spouse or civil partner</p>	<p>Rule B9 allows a member of FPS to allocate (give up) part of their pension during their lifetime, when they first become eligible to retire, to provide, on their death, a pension for a spouse, civil partner or a dependant.</p>	<p>Before giving consent to the allocation, it must be demonstrated to the satisfaction of the Authority that the nominee is a person substantially dependent on the member. The Authority will consider financial evidence over a period of two years.</p>
<p>FPS 1992 Rule B9(6) Requirement for, and acceptance of, an opinion as to normal life expectancy for allocation purposes</p>	<p>Where a Firefighter elects to give up part of their pension (under Rule B9), the Authority may require them to undertake a medical examination to ensure they are in good health before permitting them to do so.</p>	<p>Where a Firefighter elects to give up part of their pension, the Authority requires them to undertake a medical examination to ensure they are in good health before permitting them to do so. The Authority will refer the individual to the IQMP; costs will be met by the member.</p>

Regulation	Explanation	Recommendation
<p>FPS 1992 Rule B12 Pension debit members</p>	<p>The Fire and Rescue Authority must provide pension valuations and such information as may be required in relation to divorce or dissolution of civil partnership proceedings and take appropriate steps to record and administer Attachment Orders. In the event of a Pension Sharing Order, the Scheme member's pension rights will be apportioned in accordance with the directions of the Court, divorce/dissolution legislation, Rule B12 of the Firemen's Pension Scheme Order 1992, and factors prepared by the Scheme Actuary.</p>	<p>Apply this discretion; the Authority will determine appropriate charges for this administration.</p>
<p>Part 2 – awards on death – spouses and civil partners</p> <p>FPS 1992 Rule C8(6) - Discretion to increase level of spouse's or civil partner's award for such period as the Fire and Rescue Authority think fit where the firefighter and spouse or civil partner were living separately at the date of death and where the normal level of benefit is reduced accordingly under the rules of the Firemen's Pension Scheme Order 1992.</p> <p>FPS 1992 Rule C8(7) -Discretion to allow a gratuity to be paid, in whole or in part, in circumstances where beneficiary and member were living separately at the time of death</p>	<p>The Fire and Rescue Authority have discretion to permit the increase of a surviving spouse or civil partner's award or allow a pension gratuity to be paid in whole or in part where a benefit is reduced under the Firemen's Pension Scheme Order 1992 because the firefighter and spouse or civil partner were living separately at the date of death.</p>	<p>Apply this discretion on a case-by-case basis.</p>

Regulation	Explanation	Recommendation
FPS 1992 Rule C9 - Reinstatement of Widow's pension	Under the 1992 Scheme a person entitled to a widow's pension who marries, remarries, forms a civil partnership or a subsequent civil partnership is not entitled to receive any payment on account of the pension in respect of any subsequent period; but if the marriage or civil partnership is dissolved or the other party to it dies, the Fire and Rescue Authority may pay the whole or any part of the pension for such period after the dissolution or death as they deem reasonable.	It is unlikely that the Authority will reinstate an ex-spouses pension at the end of a new remarriage or civil partnership or cohabitation; however each case will be considered on an individual basis by the Authority.
FPS 1992 Rule D5 – child benefits	Award of benefit to a child aged 17 or over who has had an interruption in whole-time education or vocational training. The FPS allows the payment of a child's pension when the child is in full time education. This provision allows the consideration of reinstatement of the pension when there has been an interruption in whole-time education or vocational training.	Reinstate benefits accordingly.
FPS 1992 Rule E5 and E6 subject to limitations in Rule E7 – Discretion for commutation of dependant's pension	Decision to commute for a lump sum, part or all of a spouse's, civil partner's or child's pension which is of limited amount. This discretion allows consideration of commutation of a limited amount of a spouse, civil partner or child's pension into a lump sum.	Consideration of commutation of a limited amount of a spouse, civil partner or child's pension into a lump sum will be given in exceptional circumstances where financial hardship can be demonstrated. Each case will be considered on an individual basis.

Regulation	Explanation	Recommendation
<p>FPS 1992 Rule G2A (3) - Discretion to extend 30-day time limit in which an election to pay contributions in respect of unpaid additional maternity, paternity or adoption leave must be made.</p>	<p>The Fire and Rescue Authority have discretion to permit the extension of the 30-day time limit (counting from the day on which the person returns to work or, if he/she does not return to work, from the last day of employment with the Authority) for an election to pay contributions in respect of maternity, paternity or adoption leave which would not otherwise count as pensionable service.</p>	<p>Late applications will be considered up to a maximum of 90 days.</p>
<p>FPS 1992 Rule H2 Schedule 9, Part 1 Paragraph 1 (2)(B) – Time Limit for Appeals against decisions of a medical nature</p>	<p>The Fire and Rescue Authority have discretion to extend the time limit of 28 days (to a maximum of 6 months) for the giving of notice of appeal against a decision of a medical nature where the Authority are of the opinion that failure to give notice within the 28 day period was not due to the default of the appellant.</p>	<p>The Authority will consider each case on an individual basis.</p>
<p>FPS 1992 Rule H2 Schedule 9, Part 1 Paragraph 8 (2) (2A) – Recovery of fees in appeal cases</p>	<p>The Fire and Rescue Authority have discretion to require the appellant to pay all or part of the fees and allowances of a medical appeal if it is found that the appeal was frivolous, vexatious or manifestly ill-founded.</p> <p>The Authority has the discretion to require the appellant pay all or part of the fees and allowances of a medical appeal if the appellant withdraws the appeal within 21 working days prior to the date fixed for an interview or medical examination by the board of medical referees hearing the appeal.</p>	<p>The Authority will normally seek to do this, but will have regard to the facts of each case.</p>
<p>FPS 1992 Rule IA2 (1) – Commutation of pension credit benefits</p>	<p>To commute the whole of a pension to which a pension credit member is entitled for a lump sum.</p>	<p>The Authority will consider each case on an individual basis.</p>

Regulation	Explanation	Recommendation
FPS 1992 Rule K3(1) – Reduction of ill-health award in case of default	To reduce, by not less than half its amount, an ill-health award in a case where someone is permanently disabled and has contributed to their permanent disability by their own default.	The Authority will consider each case on an individual basis.
FPS 1992 Rule K4 Withdrawal of a pension whilst employed by a fire and rescue authority (abatement)	To amend the 1992 scheme to widen the employers discretion to abate a pension paid to a member who is reemployed in any role by any fire and rescue authority; and to require the employer that is paying the pension to pay into the pension fund the amount of pension that is paid that could have been subject to abatement under the scheme rules. The requirement for the employer to be liable for the costs where they do not exercise the discretion to abate a members' pension would apply to both the 1992 and 2007 schemes. Amendment Order 2013 requires the employer to reimburse the pension fund in the instance where they do not exercise the discretion to abate a member's pension on re-employment.	The abatement of pension, on a £ for £ basis, will apply where earnings plus pension payments in the new role exceed earnings in the previous role.
FPS 1992 Rule L5 (6) – Withholding of pension in cases of fraud, theft or negligence	To withhold all or part of any payments due to a firefighter in respect of pension where there has been fraud, theft or negligence on the part of the firefighter in connection with their employment resulting in loss to the funds of the Authority.	The Authority will consider each case on an individual basis.

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Head of Audit and Procurement Services, Conwy County Borough Council
Contact Officer	Keith Williams (Audit Manager) 01492 576217
Subject	Internal Audit Annual Report 2019/20



PURPOSE OF REPORT

- 1 Under the terms of the Accounts and Audit (Wales) Regulations 2014 Part 3 5. (2), the North Wales Fire and Rescue Authority (the Authority) is required annually to conduct a review of the effectiveness of its system of Internal Control. Internal Audit is an integral part of that system, and is a significant contributor to the preparation of the Annual Governance Statement.
- 2 CIPFA's Public Sector Internal Audit Standards 2017 require the Head of Internal Audit to provide the Audit Committee with assurance on the whole system of internal control, including the adequacy of risk management and corporate governance arrangements.
- 3 The report analyses the work of the Internal Audit Service for 2019/20 and contains the assurance statement based on the work of Internal Audit during the year ended March 2020.

EXECUTIVE SUMMARY

- 4 The Head of Internal Audit is able to provide assurance to the Audit Committee, based on the internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures, that the Authority has effective corporate governance, risk management and internal control arrangements to manage the achievement of the Authority's objectives.
- 5 The report identifies that 50 days of Internal Audit work was performed during 2019/20, in accordance with the planned allocation.
- 6 The audit reviews provide a positive level of assurance upon the adequacy of the systems of internal control in place, although 12 recommendations have been made in the year to address some weaknesses. A formal follow up process is in place to ensure that the recommendations are implemented within agreed timescales.

- 7 The work of Internal Audit has not identified any weaknesses that would qualify this opinion and there are no significant issues that are relevant to the preparation of the Annual Governance Statement.
- 8 The report also provides assurance that the Internal Audit Service operates in compliance with the UK Public Sector Internal Audit Standards to enable the Authority to take assurance from this opinion.

RECOMMENDATIONS

- 9 It is recommended that Members note the content of the Head of Audit and Procurement's Annual Report and the overall 'opinion' upon the adequacy and effectiveness of the Authority's framework of governance, risk management and control.

BACKGROUND

The Role of Internal Audit

- 10 Under the terms of The Accounts and Audit (Wales) Regulations 2014, Fire Authorities have a statutory responsibility to maintain "an adequate and effective system of internal audit."
- 11 The role of Internal Audit Services is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the organisation's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - The Audit Committee and senior management are aware of the extent to which they can rely on the whole system; and
 - Individual managers are aware of how reliable are the systems and controls for which they are responsible.
- 12 The internal control system comprises the whole network of systems and controls established to manage the Authority, to ensure that its objectives are met. It includes financial and other controls and also arrangements for ensuring that the Authority is achieving value for money from its activities.
- 13 In accordance with the Public Sector Internal Audit Standards the Head of Audit is required to deliver an annual internal audit opinion and report that can be used by the Authority to inform its governance statement.

INFORMATION

Internal Audit Opinion 2019/20

- 14 I am satisfied that internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Authority's risk management, control and governance processes.
- 15 It is my opinion that the Authority has adequate and effective control processes to manage its achievement of the Authority's objectives for the 12 month period to 31st March 2020.
- 16 In giving an audit opinion, it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Audit Committee is a reasonable assurance based upon the work undertaken in that year, that there are no major weaknesses other than those identified.
- 17 In addition, in arriving at our opinion, we have taken into account:
- The results of all audits undertaken during the year ended 31st March 2020;
 - The results of follow-up action taken in respect of audits from previous years;
 - Whether any High or Medium category of recommendations have not been accepted by management and the consequent risks;
 - The effects of any material changes in the Authority's objectives or activities;
 - Matters arising from previous reports to the Executive Panel or Audit Committee; and
 - The resource constraints placed upon Internal Audit that have impinged on the Service's ability to meet the full internal audit needs of the Authority.
- 18 The overall audit opinion may be used in the preparation of the Annual Governance Statement.

Summary of Work Supporting the Audit Opinion 2019/20

- 19 A schedule giving an audit opinion of the adequacy and effectiveness of internal control processes and a summary of the key messages in respect of all the audit assignments undertaken during 2019/20 is attached at **Appendix A**.

- 20 The schedule summarises the audit opinions and number of recommendations made in respect of each area reviewed, which form the basis of the assurance given to Audit Committee of the overall adequacy and effectiveness of the Authority's governance, risk management and internal control frameworks for 2019/20.
- 21 Where relevant, internal audit reports are categorised to give an audit opinion of the internal control environment for that particular system or establishment. The audit opinions on the assignments are categorised as follows:
- High Assurance
 - Satisfactory Assurance
 - Limited Assurance
 - No Assurance

In support of the audit opinions, the recommendations made during the year have been categorised as Critical, Major, Moderate and Minor, in accordance with the way in which the Authority assesses and measures risk.

- 22 Two audit reports and consultancy work was completed during the year covering:
- **Fleet Management** – A review was undertaken to ensure procedures are in place with regard to the registration, licensing and insurance of vehicles, fleet inventory records, stock control, ordering of works, goods and services, planned maintenance and MOTs, vehicle disposals and acquisitions and driver license checks. The audit made 12 recommendations and provided a Satisfactory level of assurance.
 - **National Fraud Initiative** – NFI is a comprehensive and thorough 'data matching' exercise organised by the Cabinet Office in partnership with Audit Wales. The exercise identified 465 data matches, 132 of which were investigated on a judgemental sampling basis. There were no significant issues arising from the investigations, which provides a High level of assurance that the systems of internal control are working well and that frauds and irregularities are being minimized. The exercise also assists to strengthen anti-fraud and corruption arrangements and instil an anti-fraud culture.
 - **Payroll – ITrent Implementation** – Internal Audit has been involved on a consultancy basis in the implementation of a new ITrent Payroll System; the work is still ongoing at the year end with a number of issues still to be resolved.

- 23 The outcome of each audit and the evaluation of the adequacy of the internal control environment is based on the number of recommendations and their risk rating. All audits undertaken during the year were assessed as providing positive levels of assurance.
- 24 To address the weaknesses identified during the Fleet audit review, 12 recommendations have been made. Action plans were agreed to address the recommendations made.
- 25 To comply with CIPFA's Public Sector Internal Audit Standards a formal follow up process is in operation within the Section to confirm that the recommendations made in Internal Audit reports have been implemented by management within agreed timescales. A follow up audit will normally take place six months after the issue of the final report.
- 26 A schedule of the follow up audits conducted during 2019/20 is attached at **Appendix B**. It demonstrates the number of recommendations accepted and subsequently implemented by management in each area and reveals changes that impact on the original audit opinion. It is evident that there was a significant improvement in the levels of internal control in relation to the Creditors (P2P) and Income and Debtors audits completed in 2018/19. The Purchase Cards follow up was in progress at the time of the COVID19 lockdown and will be completed in 2020/21.
- 27 During 2019/20 50 audit days were provided, in accordance with the planned allocation of 50 days as indicated in the annual audit plan. A summary of audit activity is attached at **Appendix C** and shows the planned allocation of audit resources in terms of man days over departments and services and compares actual work done for 2019/20 with the plan.
- 28 In accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority. The plan was reviewed during the year and updated as necessary. The Grant Income 2018/19 audit was delayed at the request of the Head of Finance; the way that grant income is recorded in the ledger has changed as a result of comments previously made by Wales Audit and 2019/20 was a period of transition in the method of reporting.

Compliance with Public Sector Internal Audit Standards

- 29 Internal Audit employ a risk-based approach to determining the audit needs of the Authority at the start of the year and use a risk based methodology in planning and conducting our audit assignments. The work of Internal Audit Services has been performed in compliance with the UK Public Sector Internal Audit Standards 2013.

- 30 The Internal Audit Service has developed a Quality Assurance and Improvement Programme (QAIP), which covers all aspects of internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated.
- 31 The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. Wrexham County Borough Council's (WCBC) Service Manager – Audit and Technical performed the assessment in November 2016. The Institute of Internal Auditor's suggest a scale of three ratings, 'Generally Conforms,' 'Partially Conforms', and 'Does Not Conform.' The external assessors' overall opinion is that the Internal Audit Service generally conforms with the PSIAS and Code of Ethics in all significant areas and that it operates independently and objectively.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objective which is "To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk."
Budget	Internal Audit Services is provided as part of an SLA and within budget constraints.
Legal	N/A
Staffing	N/A
Equalities/Human Rights/ Welsh Language	N/A
Risks	<p>The Statement of Assurance is submitted in compliance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the Head of Internal Audit Services, Members would be unaware of the adequacy and effectiveness of the corporate governance, risk management and internal control arrangements and the Authority's associated ability to achieve its objectives.</p> <p>Any significant issues or weaknesses identified by Internal Audit would not be considered in the preparation of the Annual Governance Statement.</p>

NORTH WALES FIRE AND RESCUE AUTHORITY

APPENDIX A

Internal Audit Services – 2019/20 Annual Summary of Recommendations and Audit Opinions

	Auditable Area	Key Messages & Recommendations for Improvement	Critical	Major	Modera-te	Minor	Total	Audit Opinion
1	Fleet Management	<ol style="list-style-type: none"> 1) The new staff appraisals process should be implemented as soon as possible and ensure that they take place at least once a year. 2) A Procedures Manual should be developed to ensure detailed guidance is available to staff on day to day administrative procedures; the procedures must be made available to staff on the department's shared drive. 3) A reconciliation between the Fleet Inventory records & the Insurance Database should be performed, prior to vehicle insurance list being submitted to the Data Protection Officer. 4) The Fleet Inventory records should be reviewed to ensure all vehicle data is complete & accurate, particularly in respect of MOT & Service dates. 5) Completed log books & sheets should be secured at the respective Station or Administrative base. Locality Managers should be required to provide a supervisory check of completed log books and log sheets during the 6 monthly station checks. 6) There should be a 100% independent stock check at the year-end; independence may be achieved by a member of the Finance Section supervising the count. Copies of the stock count must be retained for inspection. 7) Evidence of the rolling programme of monthly 9% stock checks must be retained, showing the book and count quantities, the variances and results of any investigation. 8) At year end, stocks of spare parts should be valued using weighted average not the LIFO method of valuation. 9) Consideration should be given to utilising Fleetmaster to produce the red and light vehicle inspection & servicing schedules. 10) The vehicle MOT test dates should be updated on Fleetwave & the System used to provide an MOT test schedule. 	0	0	5	7	12	SATIS-FACTORY

		<p>11) The Fleet Department must ensure that subsequent to the sale of vehicles, the auctioneer's statement of sale, which includes the company's VAT number and the original purchase order number is promptly submitted to the Finance Section. This information, together with the income code must be forwarded to Conwy to ensure that the income can be promptly & accurately receipted to the general ledger.</p> <p>12) A record should be retained on the 6 monthly driving licence checks, identifying the names of all drivers & the results of the checks ie. number of points on licence, changes to medical conditions. The record should be retained and made available for inspection on the shared drive & supervisory checks performed that all drivers have had their licence checked.</p>							
2	National Fraud Initiative	N/A	0	0	0	0	0	0	HIGH
									2
									0
									0
									0

APPENDIX B

NORTH WALES FIRE AND RESCUE AUTHORITY

Schedule of Follow up Audits 2019/20

	Description	Auditor	Audit Date	Follow up Date	No. Recs	Recs Outstanding	Revised Audit Opinion
1	NWFRS Creditors (P2P System)	KVW	Dec 2018	October 2019	9	3	HIGH
2	NWFRS Income & Debtors	KVW	April 2019	October 2019	7	1	HIGH
3	NWFRS Purchase Cards	KVW					WIP c/f 2020/21

**North Wales Fire and Rescue Authority
Summary of Internal Audit Activity 2019/20**

	Department / Service	Planned Days 2019/20	Actual Days 2019/20
1	Fleet Management	12	17
2	National Fraud Initiative	6	11
3	Payroll – iTrent Implementation	8	5.5
4	Grant Income 2018/19	12	0
5	Audit Follow ups: <ul style="list-style-type: none"> • Creditors (P2P) • Income & Debtors • Purchase Cards (WIP – c/f 2020/21) 	5	10.5
6	NWFRA Planning & Reporting (Including Annual Report & Strategic Plan)	5	6
7	Contingency Reserve	2	0
	TOTAL DAYS	50	50
	Days Allocated 2019/20		50
	Actual Days 2019/20		50
	Total Days C/F to 2020/21		0

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Ken Finch – Treasurer
Contact Officer	Ken Finch (01745 535286)
Subject	Audited Statement of Accounts and Annual Governance Statement 2019/20



PURPOSE OF REPORT

- 1 This report is to present to members the audited Statement of Accounts for 2019/20 including the Annual Governance Statement. This report also presents the findings of the Auditor General for Wales which confirms an unqualified audit opinion.

EXECUTIVE SUMMARY

- 2 The draft accounts were submitted for audit on 29 May 2020. These confirmed net expenditure of £35.226m resulting in a contribution to reserves of £0.011m. The final audited position remains unchanged.
- 3 The Authority's Annual Governance Statement is set out in Appendix 2 and demonstrates compliance with the CIPFA/Solace Delivering Good Governance in Local Government Framework (2016).
- 4 The report issued by Audit Wales on behalf of the Auditor General for Wales confirms an unqualified audit opinion.
- 5 In compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2010, it is a requirement that the audited accounts and annual governance statement are approved by Members by 31 July 2020. However due to the Covid 19 pandemic, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404 extended the publication date of the Accounts to 30 November 2020.

RECOMMENDATION

- 6 Members are asked to:
 - (i) approve the audited outturn position and performance as detailed within the 2019/20 Statement of Accounts (Appendix 1);
 - (ii) approve the earmarked reserves carried forward as at 31 March 2020;

- (iii) approve the governance arrangements and action plan as outlined within the 2019/20 Annual Governance Statement (Appendix 2);
- (iv) note the report of the Auditor General for Wales which confirms an unqualified audit opinion (Appendix 3); and
- (v) approve the proposed letter of representation.

OBSERVATIONS FROM AUDIT COMMITTEE/EXECUTIVE PANEL

- 7 Members of the Authority were presented with a financial performance report for 2019/20 at the Fire and Rescue Authority briefing on 12 October 2020.

BACKGROUND

- 8 In compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2010 and Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, the Authority has produced a statement of accounts and governance statement which have been subject to external audit.

INFORMATION

REVENUE EXPENDITURE

- 9 The briefing presented to Members on 12 October 2020 confirmed the draft out-turn position of net expenditure of £35.226m, resulting in an in year contribution to general reserves of £0.011m. The final audited position remains unchanged.

BALANCE SHEET

- 10 The Balance Sheet provides further information on the Authority's long term financial position and is contained in the Accounts (set out in Appendix 1). The following paragraphs provide further information.

Fixed assets

- 11 The Authority held assets of £45.9m as at 31 March 2020 which included in year additions of £0.78m. The value of borrowing as at 31 March 2020 was £30.9m which is in line with the limits set by the Authority.

Pension Liabilities

- 12 The Authority is required to account for the estimated liabilities relating to its pension schemes. The Authority has two schemes; the Firefighters' Pension Scheme and the Local Government Pension Scheme. The value of future liabilities is calculated by the actuary for each scheme.
- 13 The Pensions Act 2013 introduced changes to the public sector pension arrangements. The key change related to the way in which employees accrued their pension entitlement. Historically this had been calculated using their final salary at retirement and the changes required adoption of a career average salary. Transitional arrangements were put in place nationally for each pension scheme with the aim of providing protection to those closest to retirement.
- 14 The Fire Brigades Union (FBU) raised a legal challenge to the transitional arrangements. During December 2018 the Court of Appeal found that the UK Government had indirectly discriminated in applying the age related transitional arrangements. The matter has now reverted to an Employment Tribunal for remedy.
- 15 Whilst the outcome of the Employment Tribunal is not known, the UK Government considers that this will result in increased liabilities for all public sector pension schemes. The Government Actuary's Department (GAD) has undertaken modelling to assess the potential impact. The pension liability as at 31 March 2020 was estimated to be £312.118m which includes the impact of the legal challenge.

Usable reserves

- 16 The Authority's reserves as at 31 March 2020 were £3.206m which included £1.387m of general fund reserves and £1.819m of earmarked reserves.

ANNUAL GOVERNANCE STATEMENT

- 17 Since 2010/11 all local government bodies have been required to prepare an Annual Governance Statement which is published as part of the Statutory Accounts.
- 18 The Annual Government Statement has been prepared in accordance with the seven principles set out in the guidance document Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016).

- 19 The Annual Governance Statement for 2019/20 is set out in Appendix 2. It provides an overview of the governance arrangements and confirms the work plan for 2020/21.
- 20 The Annual Governance Statement is reviewed by Audit Wales to confirm that it is consistent with its knowledge of the Authority and no issues were noted.

AUDIT OF THE FINANCIAL STATEMENTS

- 21 The Auditor General for Wales is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial performance and position of the Authority for the year ended 31 March 2020.
- 22 In performing the audit work, Audit Wales does not seek to provide absolute assurance but considers whether there are any material issues which may result in a reader of the accounts being misled. When an error or misstatement is identified Audit Wales will consider whether an amendment is required.
- 23 The Auditor General for Wales proposes to issue an unqualified audit opinion which means that the accounts present a true and fair view of the financial transactions of the Authority. The report is contained within Appendix 3 and the following is noted:
- The audit report recognised that all of the recommendations that were made following the 2018/19 audit have been implemented.
 - The audit identified a number of amendments which were agreed with management. The amendments did not impact on the Authority's reported position and included a number of adjustments necessary to fully comply with the Code of Practice on Local Authority Accounting.
 - Within the audit report there are two significant issues which need to be brought to the attention of Members. Both issues relate to national issues concerning pensions. The first matter concerns the uncertainties surrounding the valuation of the investments held by Clwyd Pension Fund due to Covid-19. The second matter relates to the uncertainty arising from the transitional legal challenge referenced above.

IMPLICATIONS

Wellbeing Objectives	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.
Legal	It is a legal requirement that the Authority produces the Statement of Accounts and Annual Governance Statement in accordance with the prescribed standards.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Ken Finch - Treasurer
Contact Officer	Graham Williams, Accountant (01492 575466)
Subject	Treasury Management Activity and Actual Prudential Indicators for 2019/2020



PURPOSE OF REPORT

- 1 To inform Members of the treasury management activity and prudential indicators for North Wales Fire and Rescue Authority (the Authority) during the 2019/20 financial year. This report is a requirement of the Prudential Code (the Code).

EXECUTIVE SUMMARY

- 2 The Authority's treasury management activities are regulated by professional codes, statutes and guidance. The borrowing position at 31 March 2020 was £30.9m which is within the limit approved by members. The value of short term loans was £16m which is within the limit set within the strategy. No variable rate loans were held during the financial year.

RECOMMENDATION

- 3 Members are requested to:
 - (i) note the treasury management activity; and
 - (ii) approve the final prudential indicators for 2019/20.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 This report has not been previously considered by Members.

BACKGROUND

- 5 The Authority's treasury management activity is regulated by professional codes, statutes and relevant guidance. The key requirements include the production of a Treasury Management Strategy and prudential indicators to demonstrate affordability of capital and borrowing decisions. These documents must be approved by the Authority prior to the commencement of the financial year. Arrangements should also be in place to monitor and report the prudential indicators during the financial year and report the outturn position to the Authority.

- 6 The Treasury Management Strategy for 2019/20 was approved by the Authority at its meeting of 18 March 2019. The prudential indicators were revised in year due to the re-profiling of the capital programme which resulted in reduced in year borrowing. These revisions were approved by the Authority at its meeting of the 16 September 2019. This is the final report for 2019/20 which sets out the actual prudential indicators for the year and the Treasury Management position. The report is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.

INFORMATION

TREASURY MANAGEMENT ACTIVITY 2019/20

Agreed Strategy for 2019/20

- 7 The day to day decisions on borrowing are delegated to the Treasurer, who is required to ensure the most appropriate form of borrowing depending on the prevailing interest rates at the time. This includes the use of shorter term fixed rates which may provide lower cost opportunities in the short/medium term.
- 8 A cautious approach is taken to the investment of surplus funds. Cash deposits required to maintain working capital are with banks or building societies. Other vehicles are only used for longer term investments.

Borrowing Activity

- 9 The outstanding loan debt as at 31 March 2020 was £30.9m. Loans are taken out to finance the Authority's capital programme. A further analysis of maturity profiles is provided in Appendix A.
- 10 The Public Works Loans Board loans held as at 31 March 2020 are detailed below and amounted to £14.9m:

Organisation	Percentage of total borrowing	Amount (£)
PWLB (1 to 2 years)	3.7%	1.13m
PWLB (2 to 5 years)	31.4%	9.72m
PWLB (5 to 10 years)	4.0%	1.25m
PWLB (10 and more years)	9.1%	2.81m
Total PWLB	48.2%	14.9m

- 11 During the year, one new PWLB loan was taken out for £2.5m. The loan had a fixed term of 3 years at an interest rate of 1.6%. The loan portfolio includes EIP loans (Equal Instalment of Principal) and of these loans the principal repayment in year was £3.066m. Overall the loans held by the Authority fell by £0.566m compared to the previous year. Any additional borrowing need in year was met by short term borrowing which is at a lower cost.
- 12 The Authority had £16.0m in short term loans taken out with other local authorities at year end, as detailed below:

Organisation	Percentage of total borrowing	Amount (£)
Lancashire Pension Fund	9.7%	3.0m
Braintree District Council	3.2%	1.0m
Conwy County Borough Council	29.2%	9.0m
East Riding of Yorkshire Council	9.7%	3.0m
Total Short Term Borrowing	51.8%	16m

- 13 These loans provided a low cost option for the Authority with an average interest rate of 0.86% which compares favourably with the rate of 1.95% being offered by the PWLB for one year loans.
- 14 The Authority approved an upper limit of 55% for loans maturing within 12 months. The position at 31 March 2020 was that 52% of loans were deemed short term loans.
- 15 The Treasury Management Strategy confirms that the borrowing portfolio should have a maximum of 35% of debt in variable loans with up to 100% of loans having fixed terms. During 2019/20 the Authority only borrowed on fixed rate terms due to prevailing interest rates and to allow certainty.
- 16 The actual borrowing for 2019/20 was £0.835m below the approved capital financing requirement (CFR) due to further reductions in the capital programme. Total interest of £0.514m was paid compared to the budget of £0.535m. The average short term borrowing rate for the year was 0.86% and the average long term rate was 2.27%.

Investments

- 17 The principles governing the Authority's investment policy are contained in the National Assembly for Wales Guidance in 2003. The investment activity during the year conformed to these principles and the Authority had no liquidity difficulties.
- 18 The investment strategy for 2019/20 approved by the Authority on 18 March 2019 included approval of the following criteria for counterparties:
- (1) Debt Management Office of the Treasury: limit £5.0m
 - (2) Local Authorities (except rate-capped): limit £2.0m
 - (2) All UK and Irish banks and their subsidiaries that have good ratings (Fitch or equivalent). – limit: £5m

Short term	F1
Long term	A
Viability Rating	bbb

Banks whose ratings fall below those in the table above will be used if wholesale deposits are covered by a government guarantee, and the deposits fall within the terms of the guarantee.

- (4) Building Societies with a rating (as for the banking sector) all have a lending: limit £2.0m.
 - (5) Building societies without a rating but with assets of £1 billion or more: limit of £2m with a maximum time limit of 9 months.
- 19 All surplus monies were invested by Conwy County Borough Council on behalf of the Fire and Rescue Authority. The balance of investments as at 31 March 2020 was £1.73m compared to £0.55m, as at 31 March 2019. The year end investment balance was high due to the need to maintain liquidity due to uncertainties arising from the Covid-19 pandemic. In order to maintain the Authority's liquidity position, the money was mostly held within instant access call accounts. The average rate achieved on investments was 0.28%.
- 20 The budget for investment interest was nil and the actual interest achieved was £0.02m.

Prudential Indicators

- 21 The Authority is required by the Prudential Code to approve the actual prudential indicators after the year end. Appendix A provides a schedule of all the mandatory prudential indicators. The table below confirms the key limits approved by the Authority and the outturn for 2019/20:

	2019/20 Revised Indicator £'000	2019/20 Actual £'000
Borrowing position	33,672	30,909
Capital Financing Requirement	33,198	31,744

- 22 The Capital Financing Requirement (CFR) shows the Authority's underlying need to borrow for a capital purpose. In the short term the borrowing requirement may exceed the capital financing requirement due to the effect of cash and investments. The table above shows the gross borrowing position was lower than the CFR for 2019/20 by £0.835m.
- 23 The Authorised Limit is the affordable borrowing limit required by section 3 of the Local Government Act 2003. The table below demonstrates that during 2019/20 the Authority has maintained its gross borrowing within its Authorised Limit.
- 24 The Operational Boundary is the expected borrowing position of the Authority during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

	2019/20 £'000
Revised Indicator - Authorised Limit	35,198
Revised Indicator - Operational Boundary	33,198
Maximum borrowing position during the year	34,647
Minimum borrowing position during the year	30,908

REGULATORY FRAMEWORK, RISK AND PERFORMANCE

- 25 The Authority's treasury management activities are regulated by professional codes, statutes and guidance:

- The Local Government Act 2003 (the Act), provides the powers to borrow and invest as well as providing controls and limits on this activity. The Act permits the National Assembly for Wales to set limits either on the Authority or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2019/20). Under the Act the National Assembly for Wales has issued Investment Guidance to structure and regulate the Authority's investment activities
- Statutory Instrument (SI) 3239 (W319) 2003, as amended, develops the controls and powers within the Act. This requires the Authority to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities and requires the Authority to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

26 The Authority has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

IMPLICATIONS

Wellbeing Objectives	This report links to NWFRAs long-term well-being objectives. Ensures that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. Ensures there is sufficient investment in infrastructure to enable the Service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually for capital financing in line with the Treasury report.
Legal	The regulatory framework is set out in paragraph 18.
Staffing	None
Equalities/ Human Rights/ Welsh Language	None
Risks	Investment of surplus funds – there is a risk that the financial institution in which the service's funds are invested could fail with a loss of part of the principal invested. However, one of the purposes of the report is to mitigate this risk.

Prudential Indicators

		2019/20 Estimated Indicator £	2019/20 Actual £
1	Capital Expenditure	2,052,649	774,721
2	Capital Financing Requirement	33,198,808	31,744,235
3	Borrowing	33,671,579	30,908,922
4	Authorised Limit	35,198,808	35,198,808
5	Operational Boundary	33,198,808	33,198,808
6	Ratio of Financing Costs to Net Expenditure	7.83%	6.34%
7	Investments	4,920,000	1,730,000
8	Fixed Interest rate loans as a % of Total Borrowing	100%	100%
9	Variable rate loans as a % of Total Borrowing	0%	0%
10	Maturity Structure of Fixed Rate Borrowing		
	Under 12 months	0% - 55%	51.8%
	12 months to 2 years	0% - 45%	3.7%
	2 years to 5 years	0% - 45%	31.4%
	5 years to 10 years	0% - 75%	4.0%
	10 years and above	0% - 100%	9.1%

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Ken Finch, Treasurer
Contact Officer	Graham Williams, Accountant (01492 575466)
Subject	Treasury Management and Prudential Indicators



PURPOSE OF REPORT

- 1 A requirement of the CIPFA Prudential Code for Capital Finance is that Prudential Indicators are monitored on a regular basis and any significant changes approved. Similarly, under the CIPFA Code of Practice on Treasury Management, any changes in long term borrowing and changes to the Authority's counterparty investments are required to be reported to Members.

EXECUTIVE SUMMARY

- 2 The Capital and Treasury Management Strategy for 2020/21 were in the meeting papers circulated to members for the Fire and Rescue Authority meeting of the 16 March 2020. Since that time the prudential indicators have been revised and are included within this report for approval.

RECOMMENDATION

- 3 Members are asked to approve the amended Prudential Indicators set out in Appendix A.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 The report would usually be reviewed by the Audit Committee prior to submission to the FRA but due to Covid this has not been possible this time.

BACKGROUND

- 5 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

- 6 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and report any major variances.

INFORMATION

Prudential Indicators 2020/21

- 7 The Prudential Indicators (PIs) are set each year using the estimated outturn for the current year and the estimated capital programme for the forthcoming year. Due to slippage in the capital programme for 2019/20 and revision of the 2020/21 capital programme due to Covid-19 it has been necessary to revise the PIs to reflect current estimates.
- 8 The reduced capital programme for 2019/20 has meant that the Minimum Revenue Provision requirement for 2020/21 is less than the original estimate. The original requirement was based on a capital spend of £1.5m in 2019/20 but as the actual expenditure was lower at £0.775m the revenue budget saving in year on the repayment of capital debt is £0.06m. The original budget set was £2.27m and this has now been revised to £2.21m
- 9 The reduced capital programme for 2019/20 and 2020/21 has meant that all the indicators approved at the start of the year have been revised to reflect the changes. Specifically the 'ratio of financing costs to the net revenue stream' has been revised downwards to reflect the reduced costs to the revenue budget for capital debt.
- 10 An explanation of what each PI represents is detailed below:
- **Capital Financing Requirement** is a measure of the long term debt needed to support the Authority's capital programme;
 - **Operational Boundary** is a measure of the possible maximum external debt allowing for peaks and troughs in cashflows; and
 - **Authorised Limit** is an estimate of the maximum amount the Authority could borrow based on an assessment of operational requirements and external risks.
- 11 Appendix A lists the indicators reported within the Capital and Treasury Management Strategy 2020/21 and the revised indicators.

Loans

- 12 The table below summarises the loans held by the Authority as at 30 September 2020:

Loan Provider	Totals £'000
PWLB	13,791
Other Local Authorities	14,000
TOTAL	27,791

- 13 Short term loans are currently renewed on maturity with other local authorities depending on the interest rates available at that time. There is currently sufficient liquidity in the market to renew or replace maturing loans with local authorities. Current interest rates on short term borrowing are between 0.01% and 0.20%.
- 14 No new PWLB loans have been taken out this year. The current PWLB rates start from 1.95% for 1 year loans. At this time they are not cost effective when compared to the rates on short term borrowing.
- 15 The Authority has approved an upper limit of 55% of the loan portfolio for the amount of loans maturing within 12 months. The current position is that the local authority loans will mature within 12 months and based on the current portfolio the Authority is within the limit set.

Investments

- 16 To maintain adequate liquidity ratios the Authority retains sufficient cash funds to ensure payment of all obligations as they become due. Cash held for this purpose is invested for short periods of time.
- 17 The primary principle governing the Authority's investment criteria is the security of its investments. Currently any investments held are for cash flow purposes and any surplus cash is used to replace short term loans that would have been required to fund the capital programme.
- 18 The investment strategy for 2020/21 included approval of the following criteria for counterparties:
- (1) Debt Management Office of the Treasury: limit £5m
 - (2) Local Authorities (except rate-capped): limit £2m

- (3) All UK and Irish banks and their subsidiaries that have good ratings (Fitch or equivalent): limit £5m.
This is currently defined as:

Short term	F1
Long term	A
Viability Rating	bbb

Banks whose ratings fall below those in the table above will be used if wholesale deposits are covered by a government guarantee, and the deposits fall within the terms of the guarantee.

- (4) Building Societies with a rating (as for the banking sector) all have a lending limit of £2m.
- (5) Building societies without a rating but with assets of £1 billion or more have a limit of £2m with a maximum time limit of 9 months.

- 19 The surplus cash is invested in two call accounts, Barclays and the Bank of Scotland, which allow instant access to funds. The investments held as at 30 September are detailed below.

Principal £	Rate %	Period	Lender
840,000	0.05	Call	Bank of Scotland
1,800,000	0.05	Call	Barclays

Interest Rates

- 20 The interest rates on the call accounts have reduced in line with the fall in the base rate. The table below tracks the interest rate changes from the start of the pandemic.

Call Account	18 March 2020 %	31 March 2020 %	30 Sept 2020 %
Bank of Scotland	0.65	0	0.05
Barclays	0.45	0	0.05
Base Rate	0.75	0.10	0.10

- 21 Treasury Management advisors, Arlingclose, are predicting that the base rate will remain at 0.10% for the foreseeable future. On the investment side there is the risk of negative rates which means that financial institutions will charge for holding cash investments. Currently the Debt Management Office (DMO) are charging -0.03% for monies deposited up to 1 week. Fortunately the Authority has no requirement at this time to use the DMO for depositing funds.
- 22 On the borrowing side the Authority is in a net borrowing position and utilises short term borrowing to fund a significant part of the capital programme. Currently there is sufficient liquidity in the market to renew short term loans on maturity. Due to the fall in the base rate the rates offered are significantly lower than the rates paid in March. There is sufficient budget provision for interest payable and with the reduction in rates it is estimated that the outturn position will be lower than the budget set at the start of the year.
- 23 In order to mitigate against credit risk, liquidity risk and market risk the authority undertakes the following:
- Analyses the authority's cashflow on a daily basis in order to address any borrowing or investment needs.
 - TM advisors (Arlingclose) monitor counterparties (organisations we currently invest with or potentially will invest with) on a daily basis as to their creditworthiness and the likelihood of the institution failing.
 - Surplus funds are kept to a minimum and currently held in call accounts for cash flow purposes.
 - Any shortage of Market Loans (currently borrowing from other Local Authorities) means the Authority can switch to PWLB if required (additional costs).

Other risks

- 24 The outbreak of Covid-19 has already had an impact on the delivery of the capital programme and whilst this is monitored closely there is a risk that the authority will experience further disruption and therefore capital expenditure may fluctuate. This will have an effect on the prudential indicators. The information used to produce this report is based on the best available information and projections currently available.

- 25 Brexit is still an unknown factor and whilst there are no indications that there will be an impact on interest rates and the treasury management function there could be an impact on the cost of goods and services, which could result in increased costs to the capital programme. The risk is currently unknown and the situation will continue to be monitored.

IMPLICATIONS

Wellbeing Objectives	This report links to NWFRAs long-term well-being objectives. Ensures that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. Ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually for capital financing in line with the Treasury report.
Legal	The regulatory framework is set out in paragraph 1.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	Investment of surplus funds – there is a risk that the financial institution in which the service's funds are invested could fail with a loss of part of the principal invested. However, one of the purposes of the report is to mitigate this risk.

Appendix A

PRUDENTIAL INDICATORS

		2020/21 £	2021/22 £	2022/23 £
1	Capital Expenditure Original Estimate Revised Estimate	4,089,000 1,013,595	3,685,000 3,386,938	2,985,000 2,647,460
2	Capital Financing Requirement Original Indicator Revised indicator	34,464,816 30,551,333	35,563,389 31,767,924	35,780,556 32,108,263
3	Authorised Limit Original Indicator Revised indicator	36,464,816 32,551,333	37,563,389 33,767,924	37,780,556 34,108,263
4	Operational Boundary Original indicator Revised indicator	34,464,816 30,551,333	35,563,389 31,767,924	35,780,556 32,108,263
5	Ratio of Financing Costs to Net Revenue Stream Original Indicator Revised Indicator	7.89% 7.48%	8.63% 7.23%	8.99% 7.42%

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Ken Finch - Treasurer
Contact Officer	Helen Howard (01745 535286)
Subject	Provisional Outturn 2020/21



PURPOSE OF REPORT

- 1 To present the projected revenue and capital expenditure position, as at 30 September 2020.

EXECUTIVE SUMMARY

- 2 The Authority approved a revenue budget of £35.9m at its meeting on 16 December 2019. The forecast outturn position remains that the Authority will achieve a breakeven against this budget.
- 3 The Authority approved a capital budget of £4.1m on 16 December 2019. Due to the restrictions faced by the Covid 19 pandemic, this has been reviewed and revised to £1.0m.

RECOMMENDATIONS

- 4 Members are asked to:
 - (i) note the draft revenue and capital outturn positions as detailed within the report; and
 - (ii) approve the budget realignment request.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 5 This report has not previously been considered by members.

BACKGROUND

- 6 This report provides information on the draft revenue and capital expenditure outturn position for the 2020/21 financial year.

INFORMATION

REVENUE BUDGET

- 7 The table below sets out the draft revenue outturn position for the 2020/21 financial year. This details a breakeven position against the budget of £35.942m.

Budget heading	Budget £'000	Projection £'000	Variance £'000
Employees	27,182	26,387	-795
Premises	2,461	2,738	277
Transport	1,009	1,014	5
Supplies, Services and Third Party Payments	5,025	5,895	870
Capital Financing	2,836	2,653	-183
Income	-2,571	-2,745	-174
Total	35,942	35,942	0

Employee Costs

- 8 For the 2020/21 financial year, the budget for expenditure relating to employees is £27.18m which represents 76% of gross expenditure. The draft outturn forecast is an underspend position of £0.79m. This is due to a significant number of vacancies within firefighter and business fire safety apprentices, retained firefighters and other support roles. Due to the Covid 19 pandemic it has not been possible to progress the recruitment although these posts remain critical to achieving the Authority's objectives.
- 9 The budget setting process included an assumption that pay awards would be 2% for all staff. The pay awards were finalised during August and September and were agreed at 2.75% for LGPS staff (green book) and 2% for firefighting (grey book) staff. For 2020/21 it has been possible to meet the additional costs from in year vacancy savings.

Premises

- 10 The budget for premises is £2.46m and an overspend of £0.27m is projected. The projected overspend includes a charge for business rates arising from a backdated valuation amendment and costs relating to the Covid 19 pandemic expenditure for buildings.

Transport

- 11 The projected expenditure for transport related costs is £1.0m which is broadly in line with the budget. In year expenditure includes additional costs arising from legislative requirements relating to the replacement of tyres and also costs arising from adjustments necessary to ensure continuity of service during the Covid 19 pandemic.

Supplies

- 12 The projected expenditure on supplies amounts to £5.89m which is an overspend of £0.87m against budget. This includes increased costs in relation to computer licences and maintenance, as well as increased costs in relation to transformation projects including agile working and higher levels of personal protection equipment as a result of the Covid 19 pandemic.

Capital Financing

- 13 The capital financing budget is £2.84m. The capital financing costs include the charge to revenue for depreciation and also the cost of borrowing. There is an anticipated underspend of £0.18m which reflects the reductions in the 2019/20 and 2020/21 capital programmes. This forecast anticipates that interest rates will remain at their current level.

Income

- 14 The income budget is £2.57m, of which £2.21m relates to grant funding. Anticipated income (excluding grants) is £0.41m, of which £0.17m relates to the Local Resilience Forum.

Revenue Grant Funding

- 15 A breakdown of grant funding, for 2020/21, is detailed below.

Grant Details	Allocation £
Arson Reduction	157,170
Safe and Well Checks	223,300
Phoenix	147,980
National Resilience	154,256
Firefighters Pension Contributions	1,110,766
Firelink	415,600
Total Grant Funding	2,209,072

Revised Revenue Budget

- 16 During the course of the year it has been necessary to review the allocation of the budget across the income and expenditure headings. The table below provides details of the original and revised budgets. It is anticipated that further amendments will be required during the financial year to reflect the ongoing challenges arising from the Covid 19 pandemic.

Budget heading	Original £'000	Revised £'000	Adjustment £'000
Employees	27,657	27,182	-475
Premises	2,328	2,461	133
Transport	1,041	1,009	-32
Supplies and Services	4,450	4,564	114
Third Party Payments	425	461	36
Capital Financing	2,836	2,836	0
Income	-2,795	-2,571	224
Total	35,942	35,942	0

CAPITAL PROGRAMME

- 17 The Authority approved a capital programme of £4.09m. Due to the Covid 19 pandemic, it has been necessary to review and revise the capital programme to reflect projects which can be delivered in year.
- 18 The provisional outturn for the capital programme is £1.0m.


Department	Description	2020/21 £000	2020/21 £000
		Original Allocation	Revised Allocation
Fleet	Replacement vehicles and appliances	1,350	0
Operations	PPE kit and operational equipment	870	785
Facilities	Building upgrades	1,194	215
ICT/Control	System upgrades and associated works	674	0
Amended Capital Allocation		4,088	1,000

- 19 Since the programme was revised, projects in relation to building works and fire appliances have been delayed due to the Covid 19 pandemic.
- 20 Some ICT schemes have been delayed due to the reprioritisation of the work of the ICT team to manage the transition to remote working. Other schemes are under review and are not expected to incur capital costs in 2020/21.

21 It is anticipated that the deferred schemes will be completed in 2021/22.

IMPLICATIONS

Well-being Objectives	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.
Legal	It is a legal requirement that the Authority produces the Statement of Accounts in accordance with the prescribed standards.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Report to	North Wales Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Treasurer	
Contact Officer	Ken Finch (01745 535286)	
Subject	Medium Term Financial Strategy 2021/24 and Budget 2021/22	

PURPOSE OF REPORT

- 1 To present to Members the Medium Term Financial Strategy (MTFS) 2021/24 and the draft revenue and capital budgets for 2021/22.

EXECUTIVE SUMMARY

- 2 The Fire and Rescue Authority (the Authority) is required to set a balanced budget each financial year and confirm provisional contribution figures to each constituent authority by the end of December preceding the start of the financial year.
- 3 This report sets out the draft revenue and capital budget for 2021/22 and the Medium Term Financial Strategy (MTFS) for 2021/22 – 2023/24. The funding required from each constituent local authority is also confirmed.
- 4 The budget for 2021/22 and the MTFS include a number of key assumptions, risks and uncertainties which have been identified during the budget planning process

RECOMMENDATIONS

- 5 Members are asked to:
 - (i) approve the capital and revenue budgets for 2021/22 based on an increase in contributions from constituent authorities of £1.13m;
 - (ii) note the key risks and uncertainties identified during the budget planning process; and
 - (iii) endorse the Medium Term Financial Strategy.

OBSERVATIONS FROM EXECUTIVE PANEL

- 6 The members' briefing on 12 October 2020 provided an overview of the budget requirement for 2021/22 and the associated risks and uncertainties.

BACKGROUND

- 7 The Improvement and Wellbeing Plan for 2020/21 confirms the Authority's long term well-being objectives:
- Objective 1:** to work towards making improvements to the health, safety and well-being of people in North Wales
- Objective 2:** to continue to work collaboratively to help communities improve their resilience
- Objective 3:** to operate as effectively and efficiently as possible, making the best use of the resources available
- Objective 4:** to continue to identify opportunities to encourage greater engagement with people, communities, staff and stakeholders
- Objective 5:** to maintain a suitably diverse, resilient, skilled, professional and flexible workforce
- Objective 6:** to develop ways of becoming more environmentally conscious in order to minimise the impact of our activity on the environment
- Objective 7:** to ensure that social value and sustainability are considered, including during procurement processes.
- 8 The Authority is supported by a member-led Planning Working Group. This group met on three occasions between January and March 2020 to develop recommendations for the Improvement and Well-being Plan and the MTFs. The recommendation of the Group was for the Authority to maintain existing service delivery models and to focus on the development and adoption of an Environmental Strategy and any changes arising from the Grenfell Tower Inquiry.
- 9 The development and approval of the MTFs supports delivery of the objectives and priorities, ensuring that a strategic approach is taken towards financial planning and funding.

DRAFT REVENUE BUDGET 2021/22

- 10 Detailed budget planning work has been undertaken and the key planning assumptions, risks and uncertainties are outlined in appendix 1.
- 11 The planning process has confirmed a net expenditure requirement for 2021/22 of £37.07m which is a year on year increase of 3.16%. A summary by budget heading is provided within appendix 2.
- 12 The budget proposal for 2021/22 increases contributions from constituent authorities by £1.13m, as detailed within appendix 4.

13 Employee costs account for 72% of net expenditure and the draft budget for 2021/22 is £26.7m, assuming a pay award of 2% for all staff. As national pay awards have not yet been finalised this remains a significant planning risk. Work continues to ensure the careful management of employee costs including the continued management of variable pay.

14 A breakdown of the employee costs is provided below which confirms that over 87% of costs relate to employees working in service delivery roles.

Staffing Budget Analysis	2021/22	2022/23	2023/24
	£	£	£
Response Services	21,065,146	21,471,887	21,863,934
Protection and Prevention Services	2,599,341	2,707,100	2,766,678
Corporate Services	3,111,124	3,198,838	3,272,392
Staffing Budget Requirement	26,775,611	27,377,825	27,903,004

15 The employer contributions for the Local Government Pension Scheme have increased by £0.3m following receipt of the tri-annual actuarial valuation.

16 Employer pension contributions for firefighters increased during 2019/20 following the 2016 revaluation by the Government Actuary's Department. The Welsh Government provided initial support and a decision on the longer term position has not yet been finalised. The provision of support for 2021/22 onwards has not yet been concluded and this represents a risk of £1.1m. At this time, the budget assumption is that the same level of funding will be received.

17 As part of the budget setting process the specific risks within each budget heading were considered resulting in a proposed increase of £0.16m to £8.65m, for supplies, services and third party payments. This is a 2% increase year on year and reflects the unavoidable cost pressures that are being experienced in relation to utility costs, backlog maintenance, fuel costs and ICT costs including software licences and maintenance contracts. Significant work has been undertaken to manage non pay costs including using all Wales procurement options.

- 18 Capital financing costs include the costs of borrowing and revenue charges for using capital assets. A rise in Bank of England base rates is not anticipated during 2021/22 and this has been factored into the budget. The capital financing budget for 2021/22 has been reduced to reflect the reductions in the capital programme for 2019/20 and 2020/21.
- 19 Work will continue to ensure the 2021/22 revenue budget reflects the uncertain environment within which we are currently operating due to Covid-19. This may require budget allocations to be revised between budget headings to address changing priorities.

DRAFT CAPITAL PLAN 2021/22

- 20 The draft capital plan is outlined within appendix 3 and confirms a capital requirement of £3.08m for 2021/22. The main element of the plan relates to the essential investment in new fire appliances.
- 21 All schemes included within the plan have been reviewed in light of the impact of Covid 19. A capital requirement of £0.9m has been included for building schemes and due to the continuing situation and the expected changes to building occupancy, all building works will undergo a further review before any funding is released.
- 22 The capital expenditure will have a consequential impact on the capital financing charges in future financial years which have been included within the MTFS.

MEDIUM TERM FINANCIAL STRATEGY 2020/23 (MTFS)

- 23 The draft MTFS is provided within appendix 2 and is an assessment of the costs associated with maintaining the current level of service provision. Employee related expenditure remains the main cost driver and the medium term financial strategy is based on a planning assumption of a 2% pay award.
- 24 The key risks and uncertainties relating to the MTFS are outlined in appendix 1. The current planning assumption for the MTFS is that additional grant funding for the Airwave project will continue, pay awards are planned at 2% and the additional pension costs arising from the 2016 GAD valuation of the firefighters' pension scheme will continue to be centrally funded.

IMPLICATIONS

Wellbeing Objectives	The budget enables the Authority to achieve its long-term well-being objectives.
Budget	The current estimate of the year on year increase in local authority contributions for 2021/22 is £1.13m.
Legal	The Fire and Rescue Authority has a legal duty to set a balanced revenue budget.
Staffing	None
Equalities/ Human Rights/Welsh Language	None
Risks and Uncertainties	<p>The draft budget has been risk assessed and the following key risks noted:</p> <ul style="list-style-type: none"> • the budget is based on an assumption that pay awards will be 2%. National agreements have not yet been reached; • the planning assumption is that Welsh Government support for the increase in firefighters pensions will continue. If this is not supported there is a risk of £1.1m; • the planning assumption is that Welsh Government funding of £0.4m will continue in respect of the national emergency service network (Airwave grant); • the Authority plans to continue to develop an Environmental Strategy during 2021/22. An assessment of costs has not yet been made; and • the uncertainty over the EU Exit remains and no additional costs have been factored into the 2021/22 budget.

Appendix 1 - Summary of planning assumptions and risks

Heading	Planning assumptions used in budget setting	Risks
Covid-19 implications	<p>The implications of the Covid-19 pandemic are far reaching across the public sector and are being carefully managed on a day to day basis. However, as the situation continues to develop and evolve it is not possible to plan with any certainty what the implications will be for the forthcoming year and beyond.</p> <p>Given this high level of uncertainty the fundamental approach to budget setting process is planning for service delivery in a normal non Covid-19 environment.</p>	<p>The pandemic poses a number of risks:</p> <ul style="list-style-type: none"> • variances in pay costs due to delays in recruitment or high sickness levels. • variances in non-pay costs arising from changes to activities or supply chain issues.

Appendix 1 - Summary of planning assumptions and risks

Heading	Planning assumptions used in budget setting	Risks
Employee costs	<ul style="list-style-type: none"> • The staffing budgets have been formulated on existing service delivery models and established staffing levels. • The current working assumption is that pay inflation will be 2%. • No increases in national insurance contributions are anticipated. • It is assumed that the increases to the employer pension contribution rates arising from the 2016 Government Actuary's Department valuation will continue to be grant funded by the Welsh Government. 	<ul style="list-style-type: none"> • The National Joint Council (NJC) has not yet reached agreement on the firefighter pay award for the period 2021/22. • The Joint Negotiating Committee (JNC) for Local Authorities has not yet published proposals for the 2021/22 pay award. • The budget planning assumes normal levels of staffing and ongoing recruitment to staff vacancies. Recruitment to operational roles is subject to medicals which will require further assessment to ensure they are fully compliant with Covid-19 measures. • The budget planning assumes normal levels of activity. If spare conditions occur budget pressures will be experienced and members will be consulted on funding options including the use of the General Fund. • The Welsh Government has not yet confirmed that the grant to support the increase in employer contributions for the firefighter pension scheme will continue. The costs for 2021/22 are estimated to be £1.1m. • In December 2018, the government lost its appeal to the legal challenge of the transitional pension arrangements for firefighters. The matter has now reverted to an Employment Tribunal for rectification and will apply to all public sector pension schemes. The financial outcome is unknown and no provision has been made. • Following the public inquiry into the Grenfell tragedy there may be changes to building regulations and associated responsibilities. It is not yet known how these may impact on the fire and rescue sector and no provision has been made.

Appendix 1 - Summary of planning assumptions and risks

Heading	Planning assumptions used in budget setting	Risks
Non Pay	<ul style="list-style-type: none"> • Cost pressures have been mitigated through internal savings. Ongoing and unavoidable costs pressures are being experienced which include national non domestic rates, insurance and utilities. Of particular note is the requirement to ensure robust arrangements for cyber security across both the operational and administrative ICT infrastructures which has required ongoing investment and upgrade. 	<ul style="list-style-type: none"> • Whilst the Service continues to review non-pay costs and strives to manage cost pressures within the planned budget this remains an area of risk due to ongoing pressures identified. • The national procurement of an Emergency Services Network has been delayed and the existing contract extended. The assumption is that the current revenue support received from the Welsh Government of £0.4m will continue although this has not yet been confirmed. • The exit from the European Union remains an area of uncertainty across the economy. No provision has been made within the budget for cost increases arising from inflation, the application of tariffs or exchange rate risks. In the short term the General Reserve would be utilised although this would not be sustainable in the longer term. • The development of an Environmental Strategy may change priorities and give rise to additional expenditure across a number of non-pay budgets. No costs have currently been factored into the base budget for 2021/22. Arrangements are in place which require all new internal developments to be supported by a business case which includes an impact assessment.

Appendix 1 - Summary of planning assumptions and risks

Heading	Planning assumptions used in budget setting	Risks
Capital Expenditure and Capital Financing	<ul style="list-style-type: none"> • The original planning assessment for 2021/22 included a capital programme of £3.6m and a capital financial requirement of £3.2m. These figures have been revised due to slippage in the capital plan in 2019/20 and 2020/21. • Detailed capital plans are being developed which focus on addressing backlog maintenance, supporting environmental improvements and key ICT projects. 	<ul style="list-style-type: none"> • The uncertainty around the delivery of the capital programme for 2020/21 and 2021/22 is increased due to Covid-19 and the UK exit from the EU. This may result in schemes being delayed or increased costs. All schemes are subject to scrutiny to ensure that risks are captured and properly addressed.
Income	<ul style="list-style-type: none"> • Income budgets have been reviewed and set in line with previous years. 	<ul style="list-style-type: none"> • It has been assumed that grant income will be at the same level as 2020/21 (£2.2m), however, there is a possibility that this will reduce.

Appendix 2 Medium Term Financial Strategy 2021/2024 – Revenue

	2020/21 Budget £	2020/21 Projection £	2021/22 Draft Budget £	2022/23 Forecast £	2023/24 Forecast £
Employee pay costs	25,777,184	24,985,383	26,775,611	27,377,825	27,903,004
Other employee costs	1,404,278	1,400,864	1,336,677	1,352,761	1,393,202
Total Employee Costs	27,181,462	26,386,247	28,112,288	28,730,586	29,296,206
Premises	2,461,226	2,737,904	2,718,351	2,758,828	2,757,385
Transport	1,009,332	1,014,072	1,009,221	1,006,968	1,014,500
Supplies, Services and Third Party Payments	5,024,604	5,895,489	4,927,565	5,153,718	5,264,311
Total Non-Pay Expenditure	8,495,162	9,647,465	8,655,138	8,919,515	9,036,197
Fees and Charges/Misc Income	-361,718	-411,058	-235,356	-239,849	-245,380
Grant Income	-2,209,072	-2,334,072	-2,209,072	-2,209,072	-2,209,072
Total Income	-2,570,790	-2,745,130	-2,444,428	-2,448,921	-2,454,452
Capital Financing and Interest Charges	2,836,020	2,653,272	2,751,240	2,880,700	2,965,566
Budget requirement	35,941,854	35,941,854	37,074,237	38,081,879	38,843,517
Increase in Budget			3.16%	2.72%	2.00%

Notes

Other employee costs includes potential costs in relation to the pension changes.

Fees and charges includes Local Resilience Forum income and income in relation to the Covid 19 Hardship Fund.

Grant income includes a WG grant awarded to the Local Resilience Forum.

Appendix 3 Medium Term Financial Strategy 2021/2024 – Capital

Department	Description	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
		Original Plan	Revised Plan	Estimated Outturn	Proposed	Proposed	Proposed
		£000	£000	£000	£000	£000	£000
Control/ICT	System/Server upgrades	644	0	0	167	0	0
Facilities	Building refurbishments	1,194	246	246	888	800	550
Fleet	Replacements vehicles and appliances	1,306	0	0	2,028	1,776	4,626
Operations	Personal Protective Equipment	945	785	785	0	0	0
PROPOSED CAPITAL ALLOCATION		4,089	1,031	1,031	3,083	2,576	5,176

Appendix 4 – Constituent Local Authority Contributions 2021/22

Authority	2020/2021 Contribution £	Population	Apportionment %	2021/22 Budget Requirement £	Increase £
Conwy County Borough Council	6,005,505	118,001	17%	6,230,520	225,015
Anglesey County Council	3,592,944	69,879	10%	3,689,651	96,707
Gwynedd Council	6,363,994	124,936	18%	6,596,692	232,698
Denbighshire County Council	4,898,654	95,836	14%	5,060,195	161,541
Flintshire County Council	7,968,197	156,862	22%	8,282,403	314,206
Wrexham County Borough Council	7,112,560	136,642	19%	7,214,775	102,215
Total	35,941,854	702,156	100%	37,074,237	1,132,383

Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Colin Everett, Monitoring Officer
Contact Officer	Colin Everett, Monitoring Officer
Subject	Principal Officers' Pay Award 2020



PURPOSE OF REPORT

- 1 Members are asked to note and endorse the arrangements for agreeing the annual pay awards for Principal Officers for 2020.

EXECUTIVE SUMMARY

- 2 The annual pay awards for Principal Officers are agreed using the following national negotiating body arrangements:
 - i. The National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services (NJC) in respect of the Chief Fire Officer and Assistant Chief Fire Officers; and
 - ii. The Joint Negotiating Committee for Chief Officers of Local Authorities (JNC) for the Assistant Chief Officers and the Treasurer.
- 3 The position for each negotiating body is set out below:
 - i. The NJC has not yet reached agreement for 2020 in respect of the Chief Fire Officer and the Assistant Chief Fire Officers.
 - ii. The JNC agreement confirms an annual increase of 2.75% with effect from 1 April 2020 applicable to the Assistant Chief Officers and the Treasurer.

RECOMMENDATION

- 4 Members are asked to:
 - (i) note the negotiating and approval arrangements relating to the pay awards for Principal Officers;
 - (ii) approve the pay award of 2.75% for the Assistant Chief Officers and Treasurer with effect from 1 April 2020;

- (iii) note the current position of the NJC with regards to the pay award for 2020 for the Chief Fire Officer and Assistant Chief Fire Officers; and
- (iv) agree to the payment of the pending award for the Chief Fire Officer and Assistant Chief Fire Officers once the national NJC negotiations are concluded.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 5 This report has not previously been considered by Members.

BACKGROUND

- 6 The primary role of the NJC and JNC is to reach agreement on national frameworks of pay and conditions for Brigade Managers and Chief Officers in the UK. Within NWFRS the term Principal Officer refers to the posts of Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officers, Assistant Chief Officers and Treasurer. The post of Deputy Chief Fire Officer is currently vacant.
- 7 Following the introduction of the Local Government (Wales) Measure 2011, the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014 were updated. Although the majority of changes are directed towards local authorities, some are relevant to the fire and rescue authorities.
- 8 The 2014 Regulations make provision relating to remuneration of chief officers. This is to ensure any decision on the remuneration of chief officers (or those to be appointed as chief officers) must be made by full authority, without the possibility of delegating it to a committee of the authority.

INFORMATION

- 9 The NJC is the negotiating body in respect of the pay awards for the Chief Fire Officer and the Assistant Chief Fire Officers. The pay award for the period January 2020 onwards has not yet been finalised and negotiations are ongoing.
- 10 The JNC is the negotiating body in respect of the pay awards for the Assistant Chief Officer and the Treasurer. The pay award agreed with effect from 1 April 2020 is 2.75% which is consistent with staff groups across local authorities. A copy of the supporting document is provided in Appendix A.

IMPLICATIONS

Wellbeing Objectives	Not relevant.
Budget	Provision has been included in the budget related to the posts covered by this national pay award.
Legal	The recommendations are consistent with the individual contractual terms and conditions.
Staffing	The recommendations ensure consistency with the pay policy approved by the Authority in March 2020.
Equalities/Human Rights/ Welsh Language	No specific implications arise from approving the recommendation.
Risks	No specific risks arise from approving the recommendation.

**Joint Negotiating Committee for Chief
Officers of Local Authorities**

**To: Chief Executives in England and Wales (N Ireland for information)
(copies for the Finance Director and HR Director)
Regional Directors
Members of the Joint Negotiating Committee**

24 August 2020

Dear Chief Executive,

CHIEF OFFICERS' PAY AGREEMENT 2020-21

Agreement has now been reached on the pay award applicable from **1 April 2020**.

The individual basic salaries¹ of all officers within scope of the JNC for Chief Officers of Local Authorities should be increased by 2.75 per cent with effect from 1 April 2020 (NB: the percentage increases apply to individual salaries as well as pay points, if applicable).

The JNC has also agreed to conduct a joint survey of all local authorities in order to establish the extent of the gender pay gap among Chief Officers, after which they will agree a joint approach on how to remove any such gender pay gap.

The JNC has further agreed to enter into discussions to agree a new package to improve Chief Officers' work-life balance.

This pay agreement covers the period 1 April 2020 to 31 March 2021.

Yours faithfully,

Naomi Cooke

Karen Leonard

Joint Secretaries

cc Mike Short, UNISON

¹ Basic salary should exclude other separately identified payments such as Returning Officer fees etc.

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Report to	North Wales Fire and Rescue Authority
Date	9 November 2020
Lead Officer	Colin Everett, Clerk and Ken Finch, Treasurer
Contact Officer	Alwen Davies (01745 535286)
Subject	Members' Remuneration Scheme



PURPOSE OF REPORT

- 1 To inform Members about the Independent Remuneration Panel's Report 2020/21 which sets out changes to members remuneration with effect from 1 April 2020.
- 2 The Panel has recently published its draft report for 2021/22 and the proposed increases are included in this report for information.

EXECUTIVE SUMMARY

- 3 The annual report of the Independent Remuneration Panel (IRP) sets out changes to members remuneration and this report contains information on those changes that affect members of fire and rescue authorities.

RECOMMENDATIONS

- 4 Members are asked to:
 - (i) note the IRPW's determinations in relation to members' allowances and remuneration as of 1 April 2020;
 - (ii) give delegated authority to the Clerk to update the schedule of member remuneration within the Authority's constitution and to make any necessary amendments to the 2020/21 schedule from time to time during the municipal year, in order to reflect any changes in membership of the Authority, or as a result of any supplementary reports issued by the Independent Remuneration Panel for Wales.

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 5 This report has not previously been considered by Members.

BACKGROUND

- 6 The remit of the Independent Remuneration Panel (IRP) was extended through the Local Government (Wales) Measure 2011. Under the powers provided by the Measure, the IRP has produced a new set of Regulations which came into effect on 1 April 2012. The Regulations apply to payments made to members and co-opted members of local authorities, national park authorities and Welsh fire and rescue authorities.

INFORMATION

- 7 For 2020/21 the Panel has decided to make a modest increase in the basic salary for elected members of principal councils, with consequential increases for members of national park and fire and rescue authorities. The Panel also proposes a modest increase for 2021/22.

- 8 For fire and rescue authorities the Panel's determinations are as follows:

	2020/21 salary with effect from 1 April 2020	2021/22 proposed salary subject to consultation with effect from 1 April 2021
Basic salary for FRA ordinary member	£2,005	£2,026
Senior salary for the Chair of an FRA	£10,705	£10,818
Senior salary for the Deputy Chair of an FRA and the Chair of Audit Committee*	£5,705	£5,765

* FRA senior salary can be paid to the deputy chair and up to two chairs of committees where there is significant and sustained responsibility.

- 9 In addition to the above:
- the Panel has determined to include a provision for FRAs to apply for specific or additional senior salaries that do not fall within the current remuneration framework
 - members must not receive more than one FRA senior salary
 - an FRA senior salary is paid inclusive of the FRA basic salary and must reflect significant and sustained responsibility
 - members of a principal council in receipt of a band 1 or band 2 senior salary cannot receive a salary from any FRA to which they have been nominated.

- 10 The Chair of the North Wales Fire and Rescue Authority is also the Chair of the Executive Panel and can only claim one salary. In order to differentiate between 'main committee' and 'other committee', it is recommended that it is based on the number of meetings held per year. The Executive Panel meets five times per year and the Audit Committee meets 3 times per year. Therefore, it is recommended that the Authority continues with its previous decision that the Chair of the Audit Committee will be paid under the category "other committee chair".

Independent Members

- 11 The fee paid to independent members of the Standards Committee remains the same for 2020/21 and an increase is proposed for 2021/22. The daily fee is capped at a maximum of 4 full days per year on the following rates:

	2020/21 salary with effect from 1 April 2020	2021/22 proposed salary subject to consultation with effect from 1 April 2021
Standards Committee Chair	£256 daily fee (£128 for half day)	£238 daily fee (£119 for half day)
Independent Member	£198 daily fee (£99 for half day)	£210 daily fee (£105 for half day)

Travel, Subsistence and Care Allowance

- 12 There have been no changes to travel, subsistence and care allowances which are in line with Welsh Government rates. Members are reminded that it was agreed at the NWFRA meeting in June 2018 that subsistence can be claimed when members are away from home for five hours or more, this is in line with the HMRC rules.

- **Subsistence**

£28 per day Day allowance for meals, including breakfast, where not provided in the overnight charge. Must be away for five hours or more to claim subsistence.

- **Accommodation**

£200 per night London
£95 per night Elsewhere
£30 per night Staying with friends and/or family

- **Mileage** rate remains at 45p per mile.

- 13 Members are also reminded that to support current members and to encourage diversity, the IRPW has urged authorities to promote and encourage greater take-up of the reimbursement of costs of care. All authorities must provide for the reimbursement of necessary costs for the care of dependent children and adults (provided by informal or formal carers) and for personal assistance needs up to a maximum of £403 per month. Reimbursement must be for the additional costs incurred by members in order for them to carry out their approved duties. Reimbursement shall only be made on production of receipts from the carer.
- 14 The IRP issued a [supplementary report](#) in May 2020 with regards to the Principles in respect of the Reimbursement of Costs of Care (RoCoC) . The report states:

“The Panel’s core principles have been a fundamental feature of its work since it was established and are contained in each Annual Report. These include:

Remuneration

1.3 The Framework provides for payment to members of relevant authorities who carry a responsibility for serving their communities. The level of payment should not act as a barrier to taking up or continuing in post. There should be no requirement that resources necessary to enable the discharge of duties are funded from the payment. The Framework provides additional payments for those who are given greater levels of responsibility.


Diversity

1.4 Democracy is strengthened when the membership of relevant authorities adequately reflects the demographic and cultural make-up of the communities such authorities serve. The Panel will always take in to account the contribution its Framework can make in encouraging the participation of those who are significantly under-represented at local authority level. This Supplementary Report builds on these core principles and adds principles which specifically relate to costs of care. The provision of financial support for members with care responsibilities or personal needs is an important factor in improving and sustaining the diversity of membership. It is essential that there is clarity in the availability of and the access to this support.

The purpose is: To enable all members and co-opted members of relevant authorities to carry out their duties effectively.”

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget for 2020/21	There will be an increase of £225 on the basic annual salary for Members of FRAs. There will also be an increase of £225 on the annual salary of the Chair and Deputy Chair of the FRA. These will be backdated to 1 April 2020.
Legal	Part 8 and schedules 2 and 3 of the Local Government (Wales) Measure 2011 set out the arrangements for the payments of Members of relevant authorities and the functions and responsibilities of the IRPW. In accordance with the IRPW Regulations and guidance set out in the draft IRPW Annual Report for 2017/18, the Authority must produce and maintain an annual Schedule of Member Remuneration which sets out details of the specific payments that it intends to make to Members and Co-opted Members in accordance with the levels of remuneration and allowances determined by the IRPW in its final Annual or Supplementary Reports. Any amendments to the Schedule made during the municipal year must be conveyed to the IRPW as soon as practicable after the amendments are made.
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	It is not considered that there are any issues that need addressing as the recommendations apply equally to all Members regardless of protected characteristics under the Single Equality Act.
Risks	Considered not relevant

Report to	North Wales Fire and Rescue Authority	
Date	9 November 2020	
Lead Officer	Clerk	
Contact Officer	Colin Everett (01745 535286)	
Subject	Appointment of a Fire and Rescue Authority Member to serve on the Standards Committee	

PURPOSE OF REPORT

- 1 To appoint a Fire and Rescue Authority member to serve on the Standards Committee.

EXECUTIVE SUMMARY

- 2 Due to Cllr Dylan Rees being the Deputy Chair of the Authority, the Standards Committee has asked that another member be nominated in order to prevent any possible conflict of interest arising.

RECOMMENDATION

- 3 That the Authority appoints another member to the Standards Committee instead of Cllr Dylan Rees as he is the Deputy Chair of the Authority.

BACKGROUND

- 4 Under the Local Government Act 2000, the Fire and Rescue Authority is required to have a Standards Committee. There are four independent members on the committee.
- 5 Under the Standards Committee (Wales) Regulations 2001, the political balance requirements of Part I of the Local Government and Housing Act 1989 do not apply to these appointments.

INFORMATION

- 6 At the February 2020 Standards Committee meeting, the Deputy Clerk informed members that it had recently been brought to his attention that the Authority's website stated that "The Fire and Rescue Authority representatives on this Committee cannot be an office holder on the Authority." It was acknowledged that the source of this decision was unknown and had not come from

legislation. Having discussed the matter, members considered that in reality having a FRA office holder on the Committee was not an issue however the perception could be viewed otherwise. It was therefore decided to recommend to the FRA that Cllr Dylan Rees who is now Deputy Chair of the Authority be replaced on the Committee by another FRA Member who is not an office holder.

- 7 Any member of the Fire and Rescue Authority, apart from the Chair and Deputy Chair, can be appointed to serve on the Standards Committee.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget	Attendance costs will be met from existing allocated budget
Legal	Meetings are held in accordance with the agreed terms of reference. Members are expected to abide by their code of conduct at all times
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	Considered not relevant
Risks	Considered not relevant