

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

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

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## **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:

<b>Date</b>	<b>Topics Covered</b>
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:

<b>Constituency</b>	<b>Definition/Constraints</b>
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.