

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	County Council
Date:	20 February 2015
Subject:	Local Pension Board for Lincolnshire Firefighters Pension Schemes

Summary:

The Public Sector Pensions Act 2013 introduced a requirement for all public sector pension schemes to put in place Local Pension Boards. This will require the creation of a Local Pension Board for the Lincolnshire Firefighters' Pension Schemes. In addition, as well as the Council being the scheme manager for existing Firefighters' Pension Schemes, it will also become the scheme manager for the new Firefighters' Pension Scheme coming into effect from 1 April 2015.

This paper details the requirements of the Act and seeks a decision to enable the establishment of the Board.

Recommendation(s):

That the Council:

- 1) Notes that from 1 April 2015 the Council will become the scheme manager for the Firefighters' Pension Scheme 2015. As scheme manager for existing schemes and the Firefighters' Pension Scheme 2015, it is under a duty to establish a Local Pension Board for the schemes from 1 April 2015.
- 2) Delegate the decision to approve the establishment, composition and terms of reference for the Local Pension Board to the Executive Director of Finance and Public Protection, as the delegated officer.

1. Background

- 1.1 The Public Service Pensions Act (PSPA) 2013 introduces a number of changes to public service pension schemes, including a number of key changes impacting on the governance of public service pension schemes. One of the key changes is the requirement for each Fire & Rescue Authority (in this case Lincolnshire County Council) to create a local Pension Board.

The final Regulations are yet to be laid but are expected in advance of 1 April 2015 (draft regulations are attached at appendix A for information). Unlike the Local Government Pension Scheme (LGPS) there is no requirement for the Board to be established by 1 April 2015, but as there is national training planned for Fire Pension Board members in June 2015 it would be of assistance to have the Board established before this date to allow the Board members to be appointed and avail themselves of the national training.

- 1.2 The Firefighters' Pension Schemes are administered by Lincolnshire County Council which is, under the PSPA 2013, the "Scheme Manager". The Council has delegated responsibility for the management of pension issues to the Executive Director of Finance and Public Protection. It is the Scheme Manager's responsibility to establish the Local Pension Board.
- 1.3 In very simple terms, the Local Pension Board can be seen as performing an advisory function in terms of certain decisions taken by the scheme manager), in meeting the requirements of the regulations and acting in the best interests of its scheme members.
- 1.4 The key elements of the draft regulations relating to local Pension Boards are outlined below and were taken to the Value For Money Scrutiny Committee on 25th November 2014. Draft Guidance for the establishment and operation of the Boards has not yet been issued but the scheme manager must have regard to such Guidance.

Establishment

- Each Fire & Rescue Authority is required to establish a Local Pension Board from 1 April 2015.
- The role of the Pension Board is to assist the scheme manager with:
 - securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme, and any connected scheme
 - securing compliance with any requirements imposed by the Pensions Regulator; and
 - in relation to any other matter specified in scheme regulations.
 - ensuring the effective and efficient governance and administration of the scheme and any connected scheme
- The Pension Board will have an oversight role, but not a decision-making role.
- Each Scheme Manager will be required to determine its own procedures relating to the establishment and operation of the Pension Board.
- It is for the scheme manager to determine whether any expenses should be paid in relation to the running of the Board.

Membership and Appointment

- The Scheme Manager shall determine the membership of the Board, including the manner in which members may be appointed and removed.
- There must be equal numbers of scheme member representatives and employer representatives.
- There must be at least two of each of these representatives (so a Pension Board must comprise of at least four individuals).
- The employee representatives must be in scheme employment so former firefighters or pensioner members cannot be representatives.
- These representatives must have the necessary capacity and understanding to represent the employer or scheme member.
- Board members cannot be elected members or officers who are involved in decision making on Pension matters for that authority.

Conflicts of Interest

- Each Scheme Manager must be satisfied that appointees to a Pension Board do not have a conflict of interest (initially and on an ongoing basis).
- This is defined in the PSPA as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)”.

Guidance

- A Scheme Manager must have regard to guidance issued by the Secretary of State.

Unlike the LGPS there is currently no requirement to consult on the local options in relation to the establishment and operation of such boards.

- 1.5 The draft regulations permit the establishment of a local pensions board from 1st April 2015. This may be done by the Scheme Manager (Full Council) or delegated to an officer. However, the establishment of the Board cannot happen until after the final regulations are laid.
- 1.6 Therefore, given the time constraints explained in paragraph 1.1, this paper seeks a **recommendation** to the Council that:

Full Council delegates the decision to approve the establishment, composition (including appointments) and terms of reference for the Local Pensions Board, to the Executive Director for Finance and Public Protection, as the delegated Officer.

- 1.7. As a result of the increased governance requirements introduced by the PSPA 2013, it would seem appropriate to review whether the Council's existing governance arrangements are the most appropriate. Therefore a review of current arrangements will be take place and the outcome of such review will be presented the next meeting in May 2015.
- 1.8 Legal and Democratic Services have provided advice and support and will continue to assist with the establishment of the Local Pension Board in line with the Regulations and Guidance.

2. Equality & Diversity Considerations

- 2.1 Consideration has been given to the Council's duties under the Equality Act 2010 and these will be taken into account by the Executive Director of Finance and Public Protection in the exercise of his delegated functions.

3. Conclusion

- 3.1 The Public Service Pensions Act (PSPA) 2013 requires that all Public Sector Pension Schemes create Local Pension Boards. For Lincolnshire County Council this means the establishment of a Local Pension Board for the Fire & Rescue service. This paper brings a recommendation to the Council to ensure that the Local Pensions Board is established.

4. Legal Comments:

The legal basis on which the Recommendations are put forward are accurately set out in this report.

The decisions are within the remit of Full Council, which is taking such decisions acting in its role as Scheme Manager on behalf of Lincolnshire Fire & Rescue Service.

5. Resource Comments:

There will be modest additional costs presently estimated up to £10k pa in operating the Board. Representations have been made to Government to have this cost either charged to the fire pension schemes or to be Government funded as a new burden on Local Government. In the event these representations are unsuccessful the cost can be met from within existing budgets.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

n/a

d) Policy Proofing Actions Required

n/a

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015

7. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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