



## **AGENDA ITEM: 13**

### **NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE**

**2 June 2014**

#### **THE FIREFIGHTERS' PENSION SCHEME – NEW GOVERNANCE REQUIREMENTS**

**Report by Dawn Docx, Deputy Chief Fire Officer**

##### **Purpose of Report**

- 1 This report is to inform members of new governance requirements which will need to be introduced as a result of the Public Service Pensions Act 2013 in relation to the Firefighters' Pension Schemes.
- 2 The Public Service Pensions Act 2013 provides for:
  - a 'responsible authority' who makes the regulations for the firefighters' pension schemes, - in Wales this will be the Welsh Government
  - the establishment of a new national 'scheme advisory board' to provide advice to the Welsh Government in relation to changes to the scheme and to provide advice to the scheme managers and pension boards.
  - a 'scheme manager' to be responsible for managing and administering the scheme locally – this will be the Fire and Rescue Authority and a lead advisor which will be the Deputy Chief Fire Officer
  - the establishment of a new local 'pension board' to assist the scheme manager.
- 3 From 1 April 2015 a new local pension board must be established. The board has to include employer and employee representatives in equal numbers. As a consequence North Wales Fire and Rescue Authority will be required to nominate up to three Fire Authority members to sit on this board. They will need to be appointed in June, in time to undertake training prior to 1 April 2015.

## Information

- 4 The Public Service Pension Act 2013 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.
- 5 Officers from the three fire and rescue services in Wales are currently working with the Welsh Government, the Regulator and the representative bodies to set up a shadow national 'Scheme Advisory Board' and to develop a co-ordinated approach to training board members for both the national and local boards.
- 6 Local Pension Boards will be charged with helping the scheme manager (Fire and Rescue Authority) to ensure that the scheme is operated to an appropriate standard and, in particular, will:
  - ensure that pension schemes are administered in accordance with all relevant legislation and any directions given to the scheme by the Pensions Regulator
  - assist the scheme manager (Fire and Rescue Authority) in securing the effective and efficient administration of the pension scheme
  - have appropriate knowledge about the scheme they are helping to run
  - ensure that information is available to scheme members and other interested parties so that they can easily see and understand who is a pension board member, how pension scheme members are represented on the pension board and the responsibilities of the pension board
  - prevent a person from being a member of a pension board where they have another interest that could prejudice them carrying out the role.
- 7 The scheme manager (Fire and Rescue Authority) is responsible for appointing members of the pension board. The scheme manager must ensure that no conflict of interest exists at the time of a member's appointment, and while the member continues to serve. 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.

- 8 The Firefighters' Pension Schemes are accounted for in the NWFRA accounts as it is ultimately funded by Welsh Government (WG) in accordance with the relevant legislation. The Treasurer is responsible for certifying the claims to WG and they are audited each year by the external auditors. It would therefore be appropriate that the Monitoring Officer and Treasurer should have the right to attend or be represented at the local pension board meetings.

### **Member Requirements**

- 9 A member of a public service pension board must be conversant with:
- the rules of the scheme
  - any document recording policy about the administration of the scheme.
- 10 A member must have knowledge and understanding of:
- the law relating to pensions
  - any other matters which are prescribed in regulation.
- 11 An e-learning programme is to be provided by the Regulator to meet the needs of all pension board members.
- 12 It is unlikely that this will be an onerous task and the local pension board may only need to meet once a year.

### **Recommendations**

- 13 Members are asked to:
- (i) note the information in the report;
  - (ii) consider the most appropriate representation on the local board.