

CHESHIRE FIRE AUTHORITY

MEETING OF: GOVERNANCE AND CONSTITUTION COMMITTEE
DATE : 13 NOVEMBER 2019
REPORT OF : DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: ANDREW LEADBETTER

SUBJECT: PENSION BOARD TERMS OF REFERENCE

Purpose of Report

1. To enable Members to consider the updated terms of reference for local pension boards recently provided by the Firefighters' Pension Scheme Advisory Board and to determine whether any of these changes should be adopted and included in the terms of reference for the Pension Board of this Authority.

Recommended: That Members

- [1] consider the report and decide whether any changes to the terms of reference of the Pension Board are necessary.

Background

2. In April 2015, the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 came into force requiring fire authorities to establish local pension boards. The role of the Pension Board is to assist scheme managers in securing compliance with the pension regulations and ensuring the effective governance and administration of the Firefighters' Pension Schemes.
3. The Fire Authority is the scheme manager and has delegated this function to the Director of Transformation.
4. The Fire Authority adopted the nationally recommended standard terms of reference for pension boards in February 2015.
5. This year, the Firefighters' Pension Scheme Advisory Board has updated the draft terms of reference for local pension boards, following a review and the recommendations in the Pension Regulator Governance and Administration survey.
6. Members are invited to review the existing terms of reference in light of the updated version and consider whether any changes are now appropriate.

Information

7. The current terms of reference are attached as Appendix 1 to this report.
8. In summary, this Authority's Pension Board is comprised of two employer representatives (one elected Member and an Assistant Chief Fire Officer)

and two scheme member representatives (one from the Fire Brigades Union and one from the Fire Officers Association). All were nominated for appointment and hold office for an indefinite term. The elected Member is the Chair and the Board meets approximately twice a year.

9. The updated terms of reference are attached as Appendix 2 to this report (the highlighting is part of the draft that has been supplied). They are more detailed than the original terms of reference. They are not compulsory and in some parts they provide a number of alternatives for authorities to consider. They can be adopted in whole or in part.
10. The following paragraphs are intended to cover the key questions that Members should consider (the Director of Transformation has reviewed the document and her observations are shown in red):
 - a) **Should substitute members be permitted?** Not currently permitted, mainly due to the time required to train and gain a knowledge of the firefighter pension scheme rules. None of the other four North West fire authorities permit substitutes. **The Director of Transformation does not believe substitute members should be permissible due to the complexity of the pension rules and knowledge requirements.**
 - b) **Member representatives can be scheme members or “have experience of representing pension schemes in a similar capacity”.** We only have firefighter pension scheme members on the board due to the unique nature of the firefighter pension schemes. **The Director of Transformation considers that members of the pension scheme are best placed to be on the Board because of their knowledge of the scheme and having representatives from both the FBU and FOA provides a good balance and is representative of the workforce.**
 - c) **Employer representatives shall be office holders or senior employees.** We have one elected Member and an Assistant Chief Fire Officer. In Lancashire two senior officers are on the Board, in Merseyside one elected Member and two officers. **The Director of Transformation sees no reason to change the current arrangements. Having an elected Member provides a level of scrutiny and the senior officer provides knowledge and experience.**
 - d) **Appointment of Chair: three options are given: An independent chair; Board appointed chair; and a fire authority appointed chair.** The elected Member is the chair of our Pension Board. Across the region, others appoint annually and rotate between the employer and member representative. **The Director of Transformation believes that the current arrangements are working well and that there is no reason to make any change.**
 - e) **Term of office: shall be longer than 12 months up to a maximum and it is for each fire authority to decide on the length of the term.** We have an indefinite term of office, as have Lancashire. Greater Manchester and Cumbria both have a four year fixed term. **The Director of Transformation believes that an**

indefinite term of office provides stability for the board. There is no reason to have a fixed term of office, particularly since it takes time to gain the necessary knowledge and experience to make a meaningful contribution.

- f) **Meetings: quarterly meetings are recommended good practice.** Our Pension Board is 'expected' to meet approximately four times per year, although in practice meets for three meetings a year, including a training day. Across the region meetings are held twice a year. **The Director of Transformation is satisfied that the number of meetings is adequate.**

11. This report and the views of this Committee on these issues will be shared with members of the Pension Board at the meeting on the 20th November 2019 and the Board will be given the opportunity to contribute before the Fire Authority considers changes to the terms of reference.

Financial Implications

12. There are no financial implications arising from this report.

Legal Implications

13. The Fire Authority is legally required to have a local pension board to assist the scheme manager in securing compliance with the Firefighter Pension Scheme Regulations and to ensure the effective governance and administration of the various schemes.

Equality and Diversity Implications

14. There are no equality and diversity implications.

Environmental Implications

15. There are no environmental implications.

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BACKGROUND PAPERS: NONE.