



**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## **LOCAL PENSION BOARD**

**Notes:**

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.
2. Reports should be submitted using the appropriate template which can be supplied by Executive Support upon request.

**Date of Meeting:** Friday 15 February 2019, at 2:00pm in Conference Room A,  
Service Headquarters

## **A G E N D A**

<b>ITEM NO.</b>	<b>ITEM TITLE</b>	<b>LEAD OFFICER</b>
1.	<b>Apologies</b>	
2.	<b>Conflict of Interest Declaration</b>	
3.	<b>Joint Boards and Independent Chair - Michael Prior (Chair Scheme Advisory Board for Wales)</b>	
4.	<b>Notes</b> (Pages 1 - 6) Notes of the meeting held on 09 May 2018 attached	
5.	<b>Review of Actions</b> (Pages 7 - 8) Review of Actions of previous meeting attached.	
6.	<b>Training Log Update</b> (Pages 9 - 10)	
7.	<b>Correspondence Update</b> (Pages 11 - 14)	
8.	<b>Annual Benefit Statement Breach</b> (Pages 15 - 16)	AW
9.	<b>Scheme Manager Update</b> (Pages 17 - 28)	SP
10.	<b>Addressing the Management of Risk</b> Paper to follow	SP
11.	<b>Local Pension Board Audit Draft Report</b> (Pages 29 - 46)	AW
12.	<b>Self-Assessment Update (following comparison against TPR and LGA Surveys)</b> (Pages 47 - 52)	

ITEM NO.	ITEM TITLE	LEAD OFFICER
13.	<b>Appointment to the Board</b> (Pages 53 - 54) Reappointment of one Scheme Manager and one Scheme Member	MP
14.	<b>Terms of Reference</b> (Pages 55 - 58)	MP
15.	<b>Dates of 2019 Meetings</b> April 25, July 25, October 30	

### **Board Membership**

#### *Scheme Manager Representatives:*

Mike Pearson  
Amy Webb  
Cllr George Wheeler

#### *Scheme Member Representatives:*

Bob Walker  
Andy Hallam  
Peter Redbourn

#### *Other Attendees:*

Steve Pope  
Hannah Singleton  
Steve Yates



**Local Pension Board**

**Notes of the meeting held on 9 May 2018  
Conference Room B, Service Headquarters  
Meeting commenced at 1400 hours**

<b>Present:</b>	
<u>Scheme Manager Reps</u>	<u>Scheme Member Reps</u>
Councillor Brian Greenslade (BG)	Andy Hallam (AH)
Mike Pearson (MP) <b>Chair</b>	Peter Redbourn (PR)
Amy Webb (AW)	

In Attendance: Steve Pope (SP) Yunus Gajra (YG) and Hannah Singleton (HS)

ITEM NO.	Subject	
PB/18/9	<b><u>Apologies</u></b> Apologies noted for Bob Walker (BW)	
PB/18/10	<b><u>Conflicts of Interest Declarations</u></b> No conflicts of interest were declared.	
PB/18/11	<b><u>Notes</u></b> of the meeting held on 24 January 2018 Notes of the last meeting <b>agreed</b>	
PB/18/12	<b><u>Review of actions from the previous meeting</u></b> Action log circulated to Board members for review	
	<b>SP to record the breach (referred to by BW) in question on the LPB's breach register (PB/18/4/a)</b>  Breach recorded. Action completed.	
	<b>SP to produce a Voluntary Scheme Pays Policy for the next meeting LPB meeting on the 30 April (PB/18/4/c)</b>  Action completed – see item PB/18/21 below.	
	<b>SP to provide written assurance to the Board as soon as possible on plans relating to GDPR Compliance, and for this to be included in the next Scheme Manager update (PB/18/4/d)</b>  Action in progress	
	<b>SP and MP to consider whether there had been a breach of the law by the annual benefits statements (ABS) not being sent to every active member by Peninsula Pensions (PB/18/4/e)</b>	

	<p><b>SP and MP</b> had discussed this in depth and had agreed that it was not a breach in light of the response and remedial actions from Peninsula Pensions. Action completed.</p>	
	<p><b>SP and MP to consider the areas of focus highlighted by The Pension Regulator at the conference: effective scheme manager delegation, communications, risk management &amp; internal controls (PB/18/4/f)</b></p> <p><b>SP and MP</b> had met to discuss the areas of focus further. This action would be superseded by other work streams and events. Action completed, noting that Risk Registers and Internal Control required a focus.</p>	
	<p><b>All members and officers involved with the administration of Pensions to have undertaken all seven modules on the Pension Regulator Toolkit by the 18 April 2018 (PB/18/4/g)</b></p> <p>A training log had been provided to track progress. In addition to those reported on the log, <b>AH</b> and <b>BG</b> had completed a number of eLearning modules. Action in progress.</p>	<b>ALL</b>
	<p><b>MP to produce a indicative draft annual report for discussion at the next meeting on April 18th (PB/18/8)</b></p> <p>Action completed – see item PB/18/20 below.</p>	
<b>PB/18/13</b>	<p><b><u>Correspondence Update</u></b></p> <p>A paper was provided to allow Board members to review the recent correspondence</p>	
<b>PB/18/14</b>	<p><b><u>The Pension Regulator Self-Assessment update</u></b></p> <p>Paper provided detailing an update on the Boards position against the Pension Regulator self-assessment tool.</p> <p>A number of areas had improved following the last assessment in June. The Board agreed that the most notable area of concern was managing risk and risk registers. All agreed that this should have been red on the assessment, not amber.</p>	
<b>PB/18/15</b>	<p><b><u>Terms of Reference</u></b></p> <p>Paper, highlighting minor amendments, provided and noted.</p> <p><b>Action:</b> <b>MP</b> would review the documentation relating to roles and responsibilities and where this information had been published.</p>	<b>MP</b>
<b>PB/18/16</b>	<p><b><u>Firefighter Pension Schemes Local Pension Board Effectiveness Report</u></b></p> <p><b>MP</b> suggested that a Scheme Employer Representative and a Scheme Employee Representative should work alongside <b>SP</b>. This would be to review The Pension Regulator survey and LGA survey against the Boards own self-assessment update; providing a challenge against the current position.</p> <p><b>AH</b> volunteered to work alongside <b>SP</b> as a Scheme Employee Representative and <b>AW</b> volunteered as the Scheme Employer Representative.</p>	

	<p><b>Action:</b></p> <p>(a) <b>SP, AH</b> and <b>AW</b> to review the Local Government Association Survey and The Pensions Regulator Survey; challenging the Boards self-assessment update;</p> <p>(b) pending the outcome of this work, <b>AW</b> to commission Devon Audit Partnership to undertake an audit of the Board.</p>	<p><b>AW, AH, SP</b></p> <p><b>AW</b></p>
<b>PB/18/17</b>	<p><b><u>Firefighters' Pensions AGM 17-18 September 2018</u></b></p> <p>The Board discussed AGM attendance, <b>MP</b> confirmed provisions had been made within the budget to provide all Board Members with the opportunity to attend should they wish to do so.</p> <p><b>Action:</b> Any Board members wishing to attend the Firefighters' Pensions AGM would advise <b>HS</b></p> <p>It was confirmed at the meeting that <b>SP</b> would be attending alongside Dan Heard from Finance who would be attending on behalf of <b>AW</b>.</p>	<b>ALL</b>
<b>PB/18/18</b>	<p><b><u>Scheme Manager Update</u></b></p> <p><b>SP</b> provided a verbal update to the Board and had asked the Board to note the following work streams which had been progressed and recognised;</p> <ul style="list-style-type: none"> <li>- An issue had been highlighted relating to tax codes following the transfer of administration to the West Yorkshire Pension Fund (see also PB/18/19 below).</li> <li>- Pensionable Pay continued to be reviewed following disputes with Trade Unions. A number of areas had been approved but still outstanding items pending approval.</li> <li>- Further communications around annual and lifetime allowances would be produced in the future. Options were being explored for how this would be best communicated. <b>YG</b> confirmed that a reference to the lifetime allowance had been included in the annual allowance statement.</li> <li>- Tax reclaims had been highlighted and the options available to individuals to reclaim this were being explored. An option given had been through PAYE. The Service would be exploring these options and would be commissioning a tax expert for further clarity and confirmation of the best approach.</li> <li>- One IDRPs request had been received by the Service this year and the person in question had requested that the IDRPs be escalated to stage 2. A further update would be provided once progress had been made.</li> </ul>	
<b>PB/18/19</b>	<p><b><u>Update from West Yorkshire Pension Fund (WYPF)</u></b></p> <p>Yunus Gajra (<b>YG</b>), a Business Development Manager for the WYPF attended the meeting to provide an update.</p> <p>The following items were discussed;</p> <ul style="list-style-type: none"> <li>- <b>Taxation Issue;</b> the taxation issue had been highlighted prior to WYPF contacting HMRC. This had highlighted a possible error in the data submitted by Peninsula Pensions on cessation of the administration contract. The cause of this would not be known until confirmation had been provided on the data Peninsula Pensions had submitted.</li> </ul>	

	<p>WYPF Payroll had been liaising with HMRC. WYPF confirmed that it would not be using the 'k' tax code (which indicated that the Pensioner owed money to HMRC). All pensioners (39) who had received tax demands had been contacted directly by WYPF and an update would be added to the website for further clarity. This issue had not occurred with any other Fire Authority Pension schemes for which WYPF had taken over administration during the year. It was noted that all pensioners who had received notification from HMRC of a change in tax code had not been contacted by WYPF, only those that had received tax demands thus far.</p> <p><b>PB</b> asked if the Board would be required to report this a breach. The Board agreed that at this stage there was no clear breach of statutory requirements</p> <p><b>Action:</b> The taxation issue would be reviewed by the Board upon receipt of further information. It would then be determined if this should be recorded as a breach.</p> <ul style="list-style-type: none"> <li>- <b>Images;</b> Data Images had been loaded on to the WYPF systems upon receipt from Peninsula Pensions. To date, most of these images had been received.</li> <li>- <b>Training;</b> Training had been provided to HR staff at the Service to assist them in using the WYPF online portal whereby estimate requests could be made etc.</li> <li>- <b>P60s;</b> these would soon be dispatched to Pensioners.</li> <li>- <b>YG</b> wished to note the assistance of Cliff Spong at DSFRS for his assistance in managing the project successfully.</li> <li>- <b>Circular Bulletin 7;</b> signposted to the bulletin information including reference to TPAS and the Pensions Ombudsman.</li> </ul> <p><b>Action: SP</b> to ensure the correct contact addresses were provided for TPAS and The Pension Ombudsman</p> <ul style="list-style-type: none"> <li>- Year-end returns would be submitted by 31 May 2018 at the latest to ensure the ABS deadline could be achieved at the end of August.</li> <li>- <b>GDPR;</b> provisions of the Pension Service was a statutory requirement therefore consent was not required. Any change in service likely to impact an individual would be subject to an impact assessment prior to implementation to evaluate any potential GDPR impact.</li> <li>- A data protection officer had been appointed by WYPF as a point of contact should members need to contact them directly. This would be detailed on the circulated privacy statement.</li> <li>- WYPF would submit a paper for each Local Pension Board meeting if required to do so.</li> </ul>	<p><b>ALL</b></p> <p><b>SP</b></p>
<b>PB/18/20</b>	<p><b>LPB Annual Report</b></p> <p>An annual report had been produced by <b>MP</b>. It was intended to finalise the report (which was not a statutory requirement) by the end of May for submission to the July Authority meeting.</p> <p><b>Action:</b> Any comments on the LPB Annual report were to be sent to <b>HS</b> by the end of May</p>	<p><b>ALL</b></p>

<b>PB/18/21</b>	<p><b><u>Fire Authority Discretions</u></b></p> <p>The following papers were provided to the Board for review;</p> <ul style="list-style-type: none"> <li>- Voluntary Scheme Pays Policy</li> <li>- Ill health injury on duty Review</li> </ul> <p>The Board <b>agreed</b> to recommend that the Authority approve:</p> <ul style="list-style-type: none"> <li>- a Voluntary Scheme Pays Policy; and</li> <li>- realignment of the ill health review policy to the injury review policy (subject to review of details)</li> </ul>	
<b>PB/18/20</b>	<p><b><u>Next Meeting</u></b></p> <p>The next meeting will take place on Wednesday 18 July 2018 at 10:00am in Conference Room B, Service Headquarters</p>	
<b>Meeting finalised at 1615</b>		

This page is intentionally left blank



## Local Pension Board Action Log

Date Action Raised	Action Assigned To	Status	Pension Work Activity	Action	Comments
24/01/2018	All LPB	In progress	Training	All members and officers involved with the administration of Pensions to have undertaken all seven modules on the Pension Regulator Toolkit by the 18 April 2018 (PB/18/4/g)	
09/05/18	Mike Pearson	In progress	Terms of Reference	<b>MP</b> would review the documentation relating to roles and responsibilities and where this information had been published (PB/18/15) <b>MP</b> would update the Board at the next meeting, revise Terms of Reference.	
09/05/18	Steve Pope	In progress	Risk Management	To develop a risk register	<b>SP</b> had reviewed risk registers from Staffordshire and Cheshire FRS - this had also been discussed at the WYPF quarterly meeting. Update: 09/11; <b>SP</b> had developed a risk register and would be revising following <b>AW's</b> comments
09/11/18	Mike Pearson	In progress	Work Programme	<b>MP</b> to work alongside <b>HS</b> to create a skeleton programme of work. This will determine the dates for the next meetings.	
09/11/18	Mike Pearson	In progress	Terms of Reference	<b>MP</b> to contact members of the board about quorum - in the event of non-consensus <b>MP</b> will be take a paper to the Authority on the 14th December.	

## Local Pension Board Action Log

Date Action Raised	Action Assigned To	Status	Pension Work Activity	Action	Comments
24/01/2018	Steve Pope	Completed	GDPR Compliance Assurance for WYPF	To provide written assurance to the Board as soon as possible on plans relating to GDPR Compliance, and for this to be included in the next Scheme Manager update (PB/18/4/d)	Steve Pope: SP to seek further input from Sarah Bailey and from WYPF on GDPR. Update: Yunus Gajra (WYPF) provided and updated at the LPB meeting on the 09/05 and discussed WYPFs compliance with GDPR and the Data Protection Act.
09/05/18	All LPB	Completed	Annual Report	Any comments on the LPB Annual report were to be sent to <b>HS</b>	
09/05/18	Amy Webb	Completed	LPB Governance and Effectiveness	<b>AW</b> would commission Devon Audit Partnership to undertake an audit of the Board, the timing of this would be dependent on other actions.	(PB/18/16/b) This would be scheduled for the end of the financial year 18/19.
09/05/18	Steve Pope, Amy Webb and Andy Hallam	Completed	LPB Governance and Effectiveness	<b>SP</b> , <b>AH</b> and <b>AW</b> to review the Local Government Association Survey and The Pensions Regulator Survey; challenging the Boards self-assessment update. (PB/18/16/a)	Meeting scheduled for the 15 August, diary commitments have prevented this from being earlier.
09/05/18	Steve Pope	Completed	WYPF	<b>SP</b> to ensure the correct contact addresses were provided for TPAS and The Pension Ombudsman	<b>HS</b> to ensure contact addresses were added to the website
09/05/18	All LPB	Completed	Breach	The taxation issue would be reviewed by the Board upon receipt of further information. It would then be determined if this had should be recorded as a breach or not. (Tax codes)	
09/05/18	All LPB	Completed	Annual AGM	Any Board members wishing to attend the Firefighters' Pensions AGM would advise <b>HS</b>	
24/01/2018	Steve Pope	Completed	GDPR Compliance Assurance for WYPF	To provide written assurance to the Board as soon as possible on plans relating to GDPR Compliance, and for this to be included in the next Scheme Manager update (PB/18/4/d)	Steve Pope: SP to seek further input from Sarah Bailey and from WYPF on GDPR. Update: Yunus Gajra (WYPF) provided and updated at the LPB meeting on the 09/05 and discussed WYPFs compliance with GDPR and the Data Protection Act.

## Local Pension Board







### Training Log

	Conflicts of interest	Managing risk and internal controls	Maintaining accurate member data	Maintaining member contributions	Providing information to members and others	Resolving internal disputes	Reporting breaches of the law
<b>Board Members</b>							
Chair Mike Pearson	November 2017	May 2018	May 2018	November 2017	November 2017	May 2018	November 2017
Councillor George Wheeler	October 2018	October 2018	October 2018	October 2018	October 2018	October 2018	October 2018
Andy Hallam	May 2018	May 2018	May 2018	May 2018	May 2018	May 2018	May 2018
Peter Redbourn	February 2018	February 2018	February 2018	February 2018	February 2018	February 2018	February 2018
Bob Walker							
Amy Webb	November 2017	November 2017	November 2017	November 2017	November 2017	November 2017	November 2017
<b>Other colleagues involved with the LPB</b>							
Steve Pope	January 2018	January 2018	January 2018	January 2018	January 2018	January 2018	January 2018
Dan Heard	January 2018	January 2018	January 2018	January 2018	January 2018	January 2018	January 2018
Hannah Singleton	February 2018	February 2018	June 2018	June 2018	June 2018	February 2018	January 2018

This page is intentionally left blank








**DEVON & SOMERSET FIRE & RESCUE AUTHORITY LOCAL PENSIONS BOARD**

**Pension Correspondence January 2018 Onwards**

Date	Description	Purpose	Source	Document
4 January	FPS Bulletin 4	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 2018.01.04 FPS Bulletin 4.pdf
8 January	Email detailing the closing date for the Local Pension Board survey as Friday 26 January 2018	For information	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Hey	 2018.01.08 - FW Local Pension Board
5 February	FPS Bulletin 5	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 2018.02.05 FPS Bulletin 5.pdf
17 February	Invitation to a GDPR compliance Seminar at the LGA offices, being held on the 29 March 2018	For Action/ response	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Hey	 2018.02.20 - Meeting GDPR and
20 March	To seek responses from Fire Authorities to determine if any were going through or had recently been through an IDR case "on the grounds that the authority did not use all 'reasonable endeavours', has upheld an IDR case and either has provided an alternative means of redress or looking to provide an alternative means of redress, or has taken / considering taking a case to the ombudsman"	For Action/ response	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Alcock	 2018.03.20 - Backdated elections
27 March	Email providing a link to the results of the recent Local Pension Board survey, the results of which were compiled by the LPB Effectiveness Committee	For information	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Alcock	 2018.03.27 - Firefighter Pension









**DEVON & SOMERSET FIRE & RESCUE AUTHORITY LOCAL PENSIONS BOARD**

**Pension Correspondence January 2018 Onwards**

27 March	FPS Bulletin 6	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 2018.03.27 FPS Bulletin 6.pdf
11 April	Invitation to the Special Members of the 2006 Firefighters' Pension Scheme workshop, being held at the LGA Offices on Wednesday 2 May	For Action/response	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Hey	 2018.04.11 - Special members of the 2006
18 April	Invitation to an LGA event to discuss the TPR's Governance and Administration Survey, being held at the LGA offices on 9 May 2018	For Action/response	The Firefighters' Pensions (England) Scheme Advisory Board, shared by Claire Hey	 2018.04.18 - Fire and Police Governar
27 April	FPS Bulletin 7	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 2018.04.27 FPS Bulletin 7.pdf
11 May	Initiation to Annual Local Pension Board wrap-up training in London	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Annual Local Pension Board wrap
23 May	GDPR – Privacy notice reminder and responsibility confirmation	For Action	The Firefighters' Pensions (England) Scheme Advisory Board	 FW GDPR - Template Privacy No:
31 May	FPS Bulletin 8	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin8.pdf






**DEVON & SOMERSET FIRE & RESCUE AUTHORITY LOCAL PENSIONS BOARD**

**Pension Correspondence January 2018 Onwards**

11 June	Information detailing changes to the Annual Benefit statement	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 ABS 2018 template and notes.msg
15 June	Information around the management of risk and controls	For information	The Pensions Regulator	 Tools to help you manage scheme risk
29 June	FPS Bulletin 9	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin9.pdf
2 July	Information on managing conflicts of interest	For information	The Pensions Regulator	 How do you manage conflicts of
27 July	FPS Bulletin 10	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin10.pdf
20 August	Information around FPS 2006 special member tax relief claims	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 FPS 2006 special member tax relief clä
31 August	FPS Bulletin 11	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin11.pdf
10 September	HMT Announcement – FPS Valuation 2016	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 HMT announcement - FP

**DEVON & SOMERSET FIRE & RESCUE AUTHORITY LOCAL PENSIONS BOARD**

**Pension Correspondence January 2018 Onwards**

14 September	Information around Police and Firefighters' Pension (Amendment) Regulation 2018 <a href="#">SI 2018/997</a>	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Police and Firefighters' Pension
28 September	FPS Bulletin 12	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin12.pdf
31 October	FPS Bulletin 13	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin13.pdf
30 November	FPS Bulletin 14	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin14.pdf
15 December	FPS Bulletin 15	For information	The Firefighters' Pensions (England) Scheme Advisory Board	 Bulletin15.pdf





**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## **LOCAL PENSION BOARD REPORT**

**Notes:**

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

<b>DATE OF MEETING</b>	31 January 2019
<b>SUBJECT OF REPORT</b>	Annual Benefit Statement Breach
<b>REPORT AUTHOR</b>	Amy Webb
<b>EXECUTIVE SUMMARY</b>	The Board is asked to note that this issue is addressed as part of the Scheme Manager update report elsewhere on the agenda for this meeting.

This page is intentionally left blank



**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## **LOCAL PENSION BOARD REPORT**

**Notes:**

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

<b>DATE OF MEETING</b>	<b>31 JANUARY 2019</b>
<b>SUBJECT OF REPORT</b>	<b>SCHEME MANAGER UPDATE</b>
<b>REPORT AUTHOR</b>	<b>Head of Human Resources</b>
<b>EXECUTIVE SUMMARY</b>	This report provides a summary of current pension matters both nationally and locally which have required input from the Service. This report should also be considered in conjunction with the regular monthly Bulletins which are issued by the Firefighters' Pensions Advisory Board.
<b>APPENDICES</b>	Appendix A: WYPF Monthly Client Report

## **1. INTRODUCTION**

- 1.1 This is the update report from the Authority delegated Scheme Manager for the Devon & Somerset Fire & Rescue Authority - Local Pension Board (LPB). The Scheme Manager is defined as being the Fire and Rescue Authority under The Firefighters' Pension Scheme (England) Regulations 2014. However, the Scheme Manager may delegate any functions under these Regulations. The Authority has set out in the Discretions Policy where decisions will need to be taken by the Authority. However, the day-to-day managing and administering of the pension schemes, and any statutory scheme that is connected with them, is delegated to the Head of Human Resources.
- 1.2 The Local Pension Board provides a number of functions as set out in the Terms of Reference, which include: assisting the Scheme Manager to ensure compliance with the relevant regulations and the efficient and effective management of the pension administration; advising on member communications; and monitoring complaints.
- 1.3 This report provides a summary of current pension matters both nationally and locally and further updates will be provided on these matters in future reports, together with any items for which the LPB has specifically requested further information. The report is split into the following sections:
- Pension Surveys and Returns
  - Pension Communications
  - Project Work
  - Reporting Breaches of Law
  - Internal Dispute Resolution
  - Pension Administrator Quality of Service

## **2. PENSION SURVEYS & ANNUAL RETURNS**

- 2.1 The Service and Pension Administrator have responded to a number of surveys including the following:
- 2.2 FPS Administration Benchmarking - Employer Survey**
- 2.2.1 This survey was commissioned by the Scheme Advisory Board as a benchmarking review part of FPS administration in relation to cost and service provided. The Scheme Advisory Board have commissioned Aon to undertake this benchmarking review. As part of this survey, members and pensioners will also be surveyed. This survey will be open until 28 February 2019 with WYPF contacting pensioners and the Service distributing information to all employees by email.
- 2.3 The Pensions Regulator's (TPR's) Public Service Governance & Administration Survey:**
- 2.3.1 This is the annual survey that the TPR undertake and from which the TPR provide a report. The report has been beneficial for us to benchmark with other organisations and Local Pension Boards and to assist with our action plans.
- 2.4 The Pensions Regulator's (TPR's) Annual Scheme Return**
- 2.4.1 This has been completed by WYPF on behalf of the Service for the 1992, 2006 and 2015 Pension Schemes.

### **3. PENSION COMMUNICATIONS**

#### **3.1 Annual Benefits Statement**

3.1.2 There is a legal requirement to provide an Annual Benefit Statement (ABS) to all active members ie those who are in pensionable service with Devon & Somerset FRS. This requirement is set out in the Public Service Pensions Act 2013. The requirement is that the ABS are provided to staff by no later than the 31<sup>st</sup> August each year. In the main, WYPF have made good progress with this and in their original correspondence they were able to confirm that the bulk of the statements were printed and distributed prior to the deadline. There were slight delays with 18 statements but there was only 1 outstanding by the 14<sup>th</sup> September 2018 and this was also eventually cleared by December 2018. The holdup with this statement was due to a transfer in with the purchase of final salary service rather than CARE benefits which required a manual calculation.

3.1.3 There was however, a problem with the On-call Modified Pension which WYPF treated as a separate exercise. These members had not previously had an ABS and WYPF did not hold all of the necessary information. There are 71 members of the On-call Modified Scheme plus another 38 who have already transitioned to the 2015 Scheme. The Service has been working with WYPF to provide the initial elective decisions from DSFRS staff and also the cost calculation information. WYPF are therefore able to proceed with these calculations and estimate that the statements will be produced by the end of February. In future years WYPF will have the information they need and therefore will not have the same difficulties that they encountered for the 2017/18 statement.

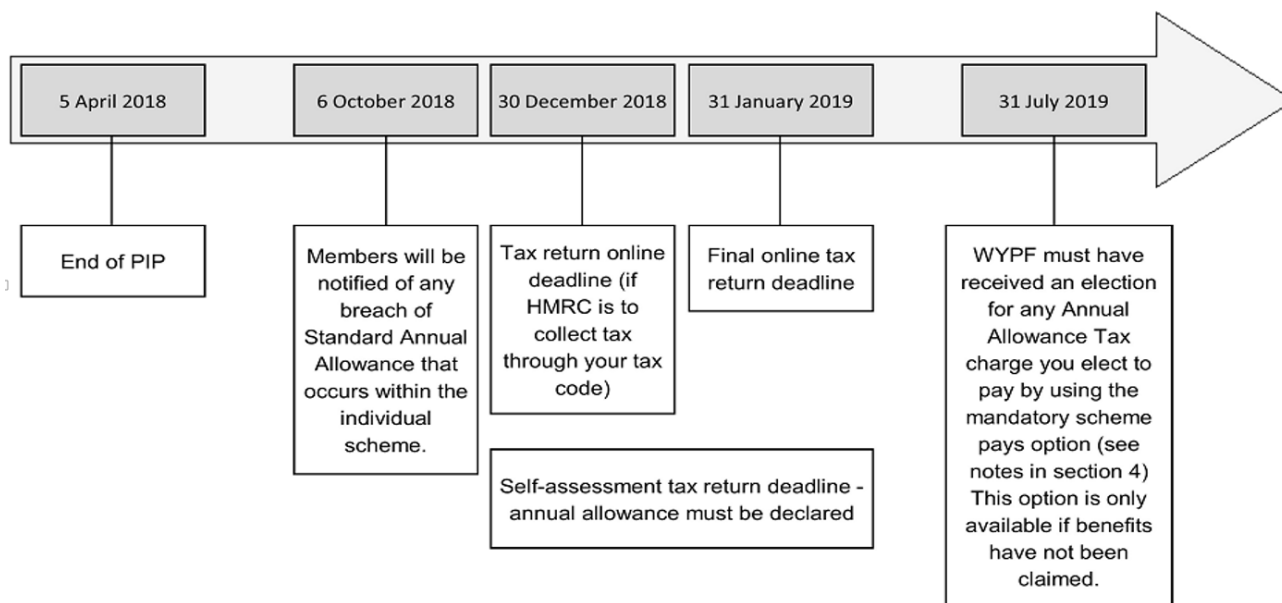
3.1.4 The ABS from WYPF complies with the national mandated requirement but does not include the same level of information as previously provided by Peninsula Pensions who used the Heywoods Pension System rather than Civica which is used by WYPF. This has resulted in more staff contacting WYPF to seek additional estimates and with the increased volume of requests for pension estimates it has meant that the response times have increased. Across all clients for Q3, WYPF received 399 requests for pension estimates and met their target for 69.17% of these requests. WYPF have however recruited new staff and intend to bring forward the development of a self-service calculator to be made available through the online My Pension.

#### **3.2 Notification Of Annual Allowance Breaches**

3.2.1 Active members who have exceeded their Annual Allowance will receive a Pension Savings Statement from WYPF in October each year following the end of the Pension Input Period (PIP) in April each year. There is also further information available through the WYPF website and also the HMRC website. The WYPF Client Relationship Manager attended the Service on the 30<sup>th</sup> October to provide training sessions for those staff were most likely to be impacted by this.

3.2.2 The Service has previously put in place a Voluntary Scheme Pays arrangements as well as the Mandatory Scheme Pay that was already in place. Active Members who have breached can therefore choose whether to pay their tax charge directly to HMRC via HMRC self-assessment or to utilise the Scheme Pays.

3.2.3 Here is an extract from the training slide deck with the timeline and deadlines:



- 3.1.3 In terms of any additional guidance from staff, we will need to incorporate further information into promotion letters where there is the potential for the Annual Allowance to be exceeded.

### 3.3 Communications about pension changes

- 3.3.1 WYPF have written to members of the 2016 Scheme informing them of a pension rule changes concerning Surviving partner's pension. This will ensure that members are kept up-to-date with pension changes that could affect them as detailed in the LGA Bulletin 14 SI 2018/997 member disclosure. This relates to members who have a cohabiting partner and that there is no longer the requirement to complete a nomination form. This relates to the 'Brewster' case which found that it was unlawful for a cohabiting partner to have to be nominated to get a surviving partner's pension. This means 2006 scheme members no longer have to fill in a form to nominate a partner, however, the scheme still suggest that completion of the nomination form will enable surviving partner's pensions to be paid more quickly.

## 4 PENSION PROJECTS

### 4.1.3 Pensionable Pay For Allowances

- 4.1.1 The Service has previously reported on this following the acceptance that the Area Manager Rota Allowance and the Training Allowance should be treated as pensionable pay. Back-dating arrangements were put in place and these allowances are now paid as pensionable pay.
- 4.1.2 There are other Allowances that are yet to be determined as pensionable: Dog Handler allowance, Special Rescue allowance and Additional Responsibility Allowances. Despite the Grey Book stating the ARAs are not pensionable we know that this is not authoritative and that we must consider the specifics of the contract.

- 4.1.3 There is currently another case with the Pension Ombudsman about pensionable pay which is in relation to payments for undertaking separate duties under the 1992 Firefighters' Pension Scheme (such as Urban Search & Rescue) and whether such payments are 'permanent'. We are therefore awaiting the final determination of this case. At this point the LGA will be seeking to prepare further guidance for Services on Pensionable pay.
- 4.1.4 Any further work on this aspect is therefore on hold until such time as further information becomes available.
- 4.2 Taxation Of The Ill Health Part Of An Injury Pension**
- 4.2.1 Previously, On-call Firefighters who were employed prior to 6 April 2006 and prior to 1 April 2014 were awarded an injury and ill health pension where they were injured whilst on duty. This was paid through the Compensation Scheme and the injury pension was paid tax free but the ill-health pension was paid as taxable. Through pension case law it was determined that this ill-health pension should also be treated as tax-free and a Technical Note was issued by the LGA in September 2017.
- 4.2.2 The Service arranged through Peninsula Pensions for the calculation of the taxation paid on the ill-health pension for the tax years 2014/15, 2015/16, 2016/17 and 2017/18. This effected 71 On-call Firefighter pensioners. For the year 2017/18, the tax refund was included in with the pension payment paid in April 2018. For the previous tax years, back from 2014/15, these were reclaimable via HMRC.
- 4.2.3 Peninsula Pensions also advised that Devon & Somerset Fire & Rescue Service would need to determine whether any further non-taxable refund should be paid. The Service has subsequently given further consideration as to what should happen with any previous years where there had been taxable deductions but they could not be reclaimed from HMRC. The Service sought legal advice on this matter and determined that we would extend the period of the tax refund by a further 3 years to cover 2011/12, 2012/13 and 2013/14. These payments were made in November 2018. The Service has received a small number of queries in relation to these payments and has responded to such enquiries.
- 4.3 Transition Protection Judgement**
- 4.3.1 At this stage the Court of Appeal have determined that the manner in which the transitional provisions have been implemented has given rise to unlawful direct age discrimination'. The court found that, having introduced the protections, the Government should have justified the discriminatory impact but that it had failed to do so, and therefore justification on the grounds of legitimate aims must fail. As a result they dismissed any further deliberation over the question on proportionality of means. The CoA judgment remits it to the employment tribunal to consider remedy however the Government and Employers are likely to seek to appeal the matter to the Supreme Court.
- 4.3.2 At this stage it is a watching brief for the Service but should the final decision be in favour of Sargeant and Others v London Fire and Emergency Planning Authority then it could undo the transitional protection as it has currently been implemented and create additional work for the Service.

#### **4.4 Abatement**

- 4.4.1 The general abatement rule is that on re-employment the salary paid for the new employment added to the pension in payment (plus inflation) cannot be more than the member's salary (plus inflation) at the point they retired. If there is an excess then the pension in payment will be reduced to bring the level back in line with the salary at retirement. There is no age limit on abatement, and this continues for the full period of re-employment by an FRA in any capacity. When the re-employment ends, the pension will be reinstated to the full amount. It should be noted that Abatement does not apply in the Firefighters' Pension Scheme 2015. This approach has been applied to uniformed staff in accordance with our Pay Policy Statement.
- 4.4.2 The advice received from WYPF on this matter is that staff who move into the LGPS or are working on a casual basis should also be abated. For casuals, any recovery would be commenced after a 12 month period once it is known what the annual earnings have been. The Service is currently working with WYPF to determine where this further abatement should be applied to any further staff that have retired and have been re-employed.

#### **5 REPORTING BREACHES OF LAW**

- 5.1 Within the LPB Reporting Breaches Procedure, we refer to Section 70 of the Pensions Act 2004 (the Act) and the requirement that, where a person has reasonable cause to believe that:
- (a) a duty which is relevant to the administration of the scheme in question, and is imposed by virtue of an enactment or rule of law, has not been or is not being complied with; and
  - (b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions
- that then they must give a written report on the matter to the Regulator as soon as is reasonably practicable.
- 5.1. The delay in the issuing of the Annual Benefit Statement (ABS) for the Active Members of the Modified Pension Scheme as set out in section 3.1 of this report is a breach of law since there are active members who should have received an Annual Benefit Statement as is set out in the Public Service Pensions Act 2013. The ABS should be provided by no later than the 31<sup>st</sup> August each year.
- 5.2. We are aware of the reasons for this and can therefore use the decision tree within our Reporting Breaches procedure to make a judgment on whether the matter should be reported to The Pension Regulator. In doing so we need to determine whether the breach is likely to be of material significance. To decide whether a breach is likely to be of material significance, we should consider the following, both separately and collectively:
- cause of the breach (what made it happen);
  - effect of the breach (the consequence(s) of the breach);
  - reaction to the breach; and
  - wider implications of the breach.



- 5.3 In terms of the cause, we are aware that the information concerning elective decisions and cost calculations was not transferred from our previous Pension Administrator to WYPF. The effect has been that 71 active members have not received their ABS by the required deadline. The reaction from WYPF has been to obtain this information directly from the Service and this has now been provided. WYPF have confirmed that they aim to complete the remaining ABSs by the end of February 2019. They have also informed us that they are seeking further changes to their Pension System (Civica) to simplify the production of ABSs for the current financial year and that once they have produced the first statements for 2017/18 then for 2018/19 there will not be the difficulties that they have encountered this time around and so there is no increased likelihood of further breaches of a similar sort.
- 5.4 Having considered the Decision Tree within our procedure we can determine a clear cut Red Breach or clear cut Green Breach. The Service Proper Financial Officer is responsible for ensuring that the policy is followed but ultimately the potential reporter remains responsible as to whether a matter should be reported to The Pension Regulator (TPR). This matter can be discussed by the LPB but my recommendation is that it is not of sufficient material significance to warrant reporting to the TPR and therefore should remain as a Green Breach. However, the matter will need to be recorded as a breach within our Record of Breaches.

## **6 INTERNAL DISPUTE RESOLUTION**

- 6.1 Within the Firefighters' Pension Scheme formal complaints are made via the Internal Disputes Resolution Procedure. Anonymised cases are listed below over the last 3 years and provide information for the Local Pension Board to consider whether any trends are developing. There were some multiple cases in pensionable pay and changes in the pensionability of promotional pay during 2016 but since then there have only been a further four cases. These four cases are all unrelated and do not represent any form of trend. At this point there does not seem to be any recurring issue.

<b>Date of Submission</b>	<b>Member</b>	<b>Reason for Dispute</b>	<b>Outcome</b>
Nov-18	Pensioner	That WYPF have applied a split pension calculation using a different approach to our previous Pension Administrator.	At Stage 1
Aug-18	Pensioner	That an Ill-health pension should be based on a different level of pay.	Rejected at Stage 1 as already subject to other litigation.
Mar-18	Pensioner	That the back-dated pensionable Training Allowance should be subject to interest.	Rejected at Stage 1 and 2 and then withdrawn.
Mar-17	Active Member	That pension estimates had been mis-calculated.	Withdrawn
Mar-16	Pensioner	That an allowance should be pensionable.	Resolved
Mar-16	Active Member	Promotional Pay and information concerning changes to the pension scheme.	Resolved

<b>Date of Submission</b>	<b>Member</b>	<b>Reason for Dispute</b>	<b>Outcome</b>
Mar-16	Active Member	Promotional Pay and information concerning changes to the pension scheme.	Resolved
Mar-16	Active Member	Promotional Pay and information concerning changes to the pension scheme.	Resolved
Feb-16	Pensioner	That an allowance should be pensionable.	Resolved

## **7 PENSION ADMINISTRATOR QUALITY OF SERVICE**

- 7.1 Having moved to a new Pension Administrator from April 2018, there have inevitably been comparisons with the previous provider. From an active member perspective, this has been most visible to the widest number of people through the ABS. I have referred to in section 3.1.4 the concerns with the change in format. This has led to there being less information made available to active members and therefore a rise in the number of requests for estimates. WYPF have experienced this across all new clients and this has resulted in a bottleneck. WYPF have achieved a 69.17% achievement rather than the 85% target level for this KPI. However, they are taking steps to resolve this under performance by recruiting new staff and bringing forward the development of a self-service calculator to be made available through the online My Pension. The self-service calculator will rely on the monthly business objects report from our payroll system operating correctly and this is currently being finalised.
- 7.2 There are three other KPIs that are below the target standard out of 30 measures and these are reviewed and discussed at the Fire Client Quarterly meetings. The Service KPIs are reported on a monthly basis directly to the Service and the Monthly Client Report is attached in Appendix A.
- 7.3 A further issue that arose with estimates was that where we have a Pre-retirement Seminar, requests for estimates were submitted in advance. However, these got incorporated into the 399 pension estimate requests rather than being separately prioritised. Our next pre-retirement seminar is in March 2019 and WYPF have asked us to separately identify these requests so that the problem does not reoccur.
- 7.4 There have also been some concerns over the timeliness of Annual Allowance information but these were completed within the required timescales. We will continue to scrutinise the KPIs and use our SLA to ensure that we receive the quality of Service that is expected.
- 7.5 My overall impression is that WYPS are working hard to meet the KPI requirements and where these or any other matter have fallen short of expectations then they are taking steps to resolve the matter. From a personal perspective, I have found the pensions advice that I receive to be comprehensive and invaluable. From an ongoing working perspective, WYPF have made a very good start as our new Pension Administrator.

**STEVEN POPE**  
**Head of Human Resources**

## Appendix A: WYPF Monthly Client Report

### Monthly Client Report Devon & Somerset Fire Authority January 2019

Please take a few minutes to read the Firefighters' Pension (England) Scheme Advisory Board Bulletin (Link to Bulletin 15 below) and take any action required.

#### [Bulletin 15](#)

##### [Some action point from the bulletin:](#)

##### [Amendments to Firefighter Pension Schemes \(England\) - Consultation](#)

This consultation seeks the views of interested parties on draft legislation to enact these changes. The consultation closes on 29 January 2019 so please submit your comments by this deadline.

##### [Revised GAD Factors](#)

As confirmed last month, these have already been updated on our system with very little impact on existing workloads (no stockpile of backlogs).

##### [FPS benchmarking exercise – update](#)

The deadline for the administrator and employer (scheme manager) benchmarking surveys is fast approaching. If you have not yet had opportunity to do so, we would encourage you to ensure that you submit a response. We are relying on the support of our stakeholders to collect as much data as possible to allow for meaningful analysis. Responses will be accepted up to 14 January 2019.

##### [SAB request for information](#)

SAB members have been made aware of concern at FRAs around opt out levels, and difficulties surrounding recruitment and retention of talented and experienced personnel due to potential tax consequences of breaching the annual allowance.

In order to support the Board in presenting a case to the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the scheme, more quantitative data is required.

The SAB needs your help in collecting this information. Completed forms should be submitted to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk) by 31 January 2019.

##### [Pensions Dashboards](#)

The results of a feasibility study to explore the options for the delivery of online pensions dashboards were released in the form of a government consultation on 3 December 2018. The consultation is seeking views on how the government can best facilitate an industry-led delivery of a pensions dashboards. The consultation closes at 11pm on 28 January 2019 so please submit your comments by this deadline.

## 1. Member Issues

None to Report

## 2. Administration Update

### Recovery of overpayments – under £100

The automatic write off limit for all overpayments from WYPF has now been increased from £50 to £100. This means that overpayments of less than £100 will not be recovered from the member, however the pension will be adjusted to the correct rate and a letter with an explanation will be sent to the member and the Fire Authority.

However, where there has been a bulk error, such as information received from DWP or programming error for pensions increase, which affects a number of individuals, overpayments of less than £100 may be recovered.

To ensure consistency, I am proposing to apply the increase to all Fire Service overpayments from 1 March. Unless I hear from you by 1 February, I will assume you are in agreement with this change.

A copy of WYPF's recovery policy is attached for your information.

### Member Web registrations

The number of members signed up to member web are:

Status	Number
Active	76
Beneficiary Pensioner	3
Deferred	24
Deferred Ex-Spouse	0
Pensioner	104

## 3. Key Performance Indicators (indicative)

Devon & Somerset Fire (1 to 31 December 2018)						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Divorce Quote Fire	1	40	1	85	100	1
Pension Estimate Fire	9	10	5	85	55	14
Deferred Benefits Into Payment of Lump Sum	1	3	1	85	100	1
Retirement Quote Fire	3	10	3	85	100	2
Retirement Actual Fire	2	10	2	85	100	1
Set Up New Spouse Pension Fire	2	5	2	85	100	1
Change of Address Fire	3	20	3	85	100	1
General Payroll Changes Fire	6	20	6	85	100	1
Age 55 Increase Fire	2	20	2	85	100	1

DG Nomination Form Received Fire	3	20	3	85	100	3
Article 4 Payment Own Right Fire	1	10	1	85	100	1
Spouse Potential Fire	1	10	1	85	100	10
Death Grant to Set Up Fire	2	5	2	85	100	1
Initial letter Death in Retirement FIRE	1	5	1	85	100	2
Death in Retirement FIRE	1	5	1	85	100	1
Initial Letter Death In Service Fire	2	5	2	85	100	1
Death In Service Fire	2	5	2	85	100	1

\*Pension Estimate Fire – Workloads have increased significantly across all our Fire clients. As a result we are in the process of recruiting additional staff. They should be in post late January.

#### 4. Membership Numbers

Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Leave options pending
Devon & Somerset (1992 Scheme)	125	64	901	155	1
Devon & Somerset (2006 Scheme)	54	422	196	11	1
Devon & Somerset (2006/RDS Scheme)	68	100	53	0	8
Devon & Somerset Fire (2015 Scheme)	1346	195	13	4	4
Devon & Somerset Fire (2015/RDS Scheme)	41	1	0	0	11

Yunus Gajra  
Business Development Manager  
[Yunus.gajra@wypf.org.uk](mailto:Yunus.gajra@wypf.org.uk)  
Tel: 01274 432343

This page is intentionally left blank



**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## **LOCAL PENSION BOARD REPORT**

**Notes:**

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

<b>DATE OF MEETING</b>	31 January 2019
<b>SUBJECT OF REPORT</b>	Pension Board Governance Arrangements 2018-19
<b>REPORT AUTHOR</b>	Amy Webb
<b>EXECUTIVE SUMMARY</b>	The draft internal audit report is presented to the Board to review and comment on.

This page is intentionally left blank





# Draft Internal Audit Report

Pension Board  
Governance  
Arrangements 2018-19

Devon and Somerset Fire and  
Rescue Service

*January 2019*

Official



Support, Assurance & Innovation

## **Devon Audit Partnership**

---

Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Torridge and Mid-Devon councils and we aim to be recognised as a high quality public sector service provider.

We work with our partners by providing professional internal audit and assurance services that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards (PSIAS) along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## **Confidentiality and Disclosure Clause**

---

This report is protectively marked in accordance with the National Protective Marking Scheme. Its contents are confidential and, whilst it is accepted that issues raised may well need to be discussed with other officers within the organisation, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

## **1 Introduction**

---

The Public Service Pensions Act 2013 require pension boards to be established for Public Service Pension Schemes, including the Firefighters' Pension Schemes.

The Devon and Somerset Fire and Rescue Authority Local Pensions Board concerns the Firefighters' Pension Schemes, for which the Fire Authority is the Scheme Manager and West Yorkshire Pension Fund is the Scheme Administrator.

The Local Pensions Board is responsible for assisting the Scheme Manager in securing compliance with the Scheme Regulations and other legislation relating to the Governance and Administration of the Scheme.

The role of the Board is to assist the Scheme Manager (i.e. the Fire Authority) in securing compliance with the Firefighters' Pension Schemes regulations and other legislation relating to the Governance and Administration of the Schemes

The Pensions Regulator and the Firefighters' Pensions (England) Scheme Advisory Board regulate, monitor standards and provide advice to Scheme Managers and Pension Boards.

This review concerns the control framework concerning Devon and Somerset Fire and Rescue Authority Pensions Board governance arrangements.

## **2 Audit Opinion**

---

Good Standard - The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

## **3 Executive Summary**

---

The Devon and Somerset Fire and Rescue Authority Local Pensions Board has been established in compliance with relevant legislation.

Local Pensions Board documents were largely found to be in place, including in relation to published terms of reference, policies and declarations. It is noted that meeting papers are not published as Local Pension Board meetings are not public. The local pensions dispute process was not found to be clearly published.

The Governance arrangements in place were found to be robust and supported by officer-led processes and self-assessment. The cancellation of some recent meetings, due to non-availability of Members, is noted as an area that the Authority will wish to address in 2019. In addition, documenting the review of member declaration of interests will evidence proper consideration of any potential conflicts in line with guidance. Further, establishing appropriate cover and contingency arrangements for the Scheme Manager should ensure that the effective governance arrangements can be maintained.

A number of opportunity recommendations are made for management consideration, including in relation to access to information considerations, the further development of the Local Pensions Board Risk Register, progression of Board member training needs analysis and consideration of a joint Pensions Board.

The detailed findings and recommendations regarding these issues and less important matters are described in the Appendices. Recommendations have been categorised to aid prioritisation. Definitions of the priority categories and the assurance opinion ratings are also given in the Appendices to this report.

## 4 Added Value

---

Internal Audit aimed to provide added value in relation to consideration of the robustness of the Authority's Pension Board governance arrangements

## 5 Assurance Opinion on Specific Sections

---

The following table summarises our assurance opinions on each of the areas covered during the audit. These combine to provide the overall assurance opinion at Section 2. Definitions of the assurance opinion ratings can be found in the Appendices.

Risk Areas Covered		Level of Assurance
1	Non-compliance with Legislation, Regulation and Guidance in respect of requirements for a Pension Board	Good Standard
2	Ineffective policy determination and decision	Good Standard

The findings and recommendations in relation to each of these areas are discussed in the "Detailed Audit Observations and Action Plan" appendix. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed. Management are required to agree an action plan, ideally within three weeks of receiving the draft internal audit report. Written responses should be returned to Lynda Sharp-Woods (lynda.sharp-woods@devonaudit.gov.uk) or Kate MacDowall (kate.macdowall@devonaudit.gov.uk). Alternatively, a meeting to discuss the report and agree the action plan should be arranged with the named auditors.

## 6 Issues for the Annual Governance Statement

---

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement.

In terms of this review, we are able to report that there are no issues that are arising for the examination of systems and controls that warrant inclusion in the Annual Governance Statement

## **7 Scope and Objectives**

---

The objective of this audit was to provide the client with an audit opinion on the control framework concerning Devon and Somerset Fire and Rescue Authority Pensions Board governance arrangements.

The audit for 2018-19 was undertaken based on key risks based on discussions with the department and Internal Audit's view on risk within the function. The key risks are:

- Non-compliance with Legislation, Regulations and Guidance;
- Ineffective policy determination and decision making.

At client request a weighting of 25% was applicable to Risk 1 of the audit work programme, and a weighting of 75% applicable to Risk 2. DSFRS Self-assessment results were referred to but was not subject to audit testing or verification.

To note, we have not tested application of the breaches' procedures, with reference to any reported breaches, and neither have we tested communication to members and member data integrity. We cannot therefore provide assurance in relation to these areas, being outside of the scope of this audit.

## **8 Inherent Limitations**

---

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

## **9 Acknowledgements**

---

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

**Robert Hutchins**  
**Head of Partnership**

## Appendix A

## Detailed Audit Observations and Action Plan

1. Risk Area Covered: Non-compliance with Legislation, Regulation and Guidance in respect of requirements for a Pension Board	Level of Assurance
<p><b>Opinion Statement:</b></p> <p>The Devon and Somerset Fire and Rescue Authority Local Pensions Board has been established to comply with the requirement of the Public Services Pensions Act 2013 for a Local Pensions Board to be put in place to assist the Authority, as a scheme manager of the Firefighters' Pension Schemes, to comply with the requirements of regulation and legislation, and of the Pensions Regulator, relating to the governance and administration of the Scheme.</p> <p>The required elements of applicable legislation, regulation and guidance appear to have been suitably considered by DSFRA in relation to the set-up of the Local Pensions Board, including in relation to Board composition, publication of Board member information and information detailing the role of the Board. However, there is a potential conflict of interest issue that was notified, but it is not evidenced how this has been considered by the scheme manager.</p> <p>At the time of audit Pension Board agendas, papers, minutes, decisions are not published by DSFRS for the reason understood to be that the Pension Board is not an open (public meeting).</p> <p>Whilst there is reference on the Pensions Board webpage to contact details for the Pensions Advisory Service and the Pensions Ombudsman, there does not appear to be clear reference made to the local process to be followed relating to pensions disputes, which is something that could be included.</p> <p>Details relating to the Board member appointment process should be published, and this will apply as the first term of office nears completion.</p> <p>The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, make provision for the establishment of joint local pension boards, where <i>the administration and management of the scheme is wholly or mainly shared by two or more scheme managers, and subject to approval from the Secretary of State</i>. Given the change in pension administrator to West Yorkshire Pension Fund (WYPF), which is understood to provide administration for 9 other Fire and Rescue Services, management may wish to consider this option in consultation with other Scheme Managers.</p> <p>Pensions Regulator self-assessment is regularly completed, and progress records are maintained by management, including mitigating actions and progress. Of the areas considered, at the time of last assessment eighteen areas are assessed as rating green, and four areas are assessed as amber. These areas relate to individual training needs analysis, managing and reporting on risk, and development of a data quality improvement plan.</p>	<p><b>Good Standard</b></p>

No.	Observation and implications		
1.1	<p>Whilst the required elements of applicable legislation, regulation and guidance appear to have been suitability considered by DSFRA, we noted a potential conflict of interest issue as per the Pensions Regulator Code of Practice 14 (s72) and the Public Service Pensions, England - The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015.</p> <p>As per s72 of the COP 14 '...A finance officer might not be prevented from being a member of a pension board, but the scheme manager must be satisfied that their dual interests are not likely to prejudice the pension board member in the exercise of any particular function'.</p> <p>In addition, per s97 '<i>Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.</i>' Currently this information is not published for the reason understood to be that the Pension Board is not an open (public meeting).</p> <p>In s213, '<i>Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme.</i>' We noted that there is reference on the Pensions Board webpage to contact details for the Pensions Advisory Service and the Pensions Ombudsman, but no reference to the local process to be followed.</p> <p>The Public Service Pensions, England - The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, provide that '<i>Where the administration and management of this scheme is wholly or mainly shared by two or more scheme managers, those scheme managers may establish a joint local pension board if approval in writing has been obtained from the Secretary of State.</i>' Given the change in pension administrator to WYPF, which is understood to provide administration for 9 other Fire and Rescue Services, including Dorset and Wiltshire Fire and Rescue Service, management might want to give consideration to this option and potential efficiency saving in consultation with other Scheme Managers.</p>		
	Recommendation	Priority	Management response and action plan including responsible officer
1.1.1	The scheme manager should consider the potential conflict of interest issue of any Board Members and satisfy himself regarding any potential prejudice; we suggest that this consideration should be documented, possibly by inclusion of additional field within the conflict of interests form.	Medium	The recommendation will be progressed via the employer's pension board representatives and the scheme manager.
1.1.2	In relation to promoting a culture of transparency, there is opportunity Pension Board agendas, papers, minutes and decisions (and other related documentation) to be published by DSFRS.	Opportunity	Agenda, papers and minutes are now prepared using ModernGov so will be published from April 2019
1.1.3	Whilst there is reference on the Pensions Board webpage to contact details for the Pensions Advisory Service and the Pensions Ombudsman, there does not appear to be clear reference made to the local process to be followed relating to pensions disputes. This is something that could be considered for inclusion.	Opportunity	To be actioned by Scheme Manager

	Recommendation	Priority	Management response and action plan including responsible officer
1.1.4	As detailed above, the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, provide opportunity for a joint pension board and management may wish to give consideration to this option in consultation with other Scheme Managers.	Opportunity	The recommendation will be considered for practicality alongside the guidance produced by the LGA. Michael Prior (Chair of Welsh SAB) is attending our LPB on 31 Jan 2019 to discuss this subject and potential partners have been identified.



2. Risk Area Covered: Ineffective policy determination and decision	Level of Assurance
<p><b>Opinion Statement:</b></p> <p>Local Pensions Board terms of reference is in place, which includes a Standard of Conduct Board for Members. The Terms of reference have been recently updated to reflect the change in Pension administrator. The Board statement of purpose and duties are set out within the Terms of Reference. The first meeting of the Board took place in July 2015.</p> <p>Local Pension Board Members complete the Pensions Regulator Public Service on-line training, in-house training is provided to Board Members and all Board Members are invited to attend the annual LGA Firefighters' Pension Conference. Broadening the use of the Pensions Regulator on-line toolkit for the identification of individual training needs and self-assessment is being investigated by the Scheme Manager. In addition, there is opportunity for consultation with Board members to request information in relation to training needs and feedback on training completed, which could lead to the development of individual training plans; all of which could be reported via an annual training plan and report on prior year training completed in conjunction with review of the requirements of the Pensions Regulator Code of Practice 14 ' - Knowledge and understanding required by pension board members.'</p> <p>No discrepancies have been identified between the Board Terms of Reference and operation in practice, and we found the areas reviewed by the Board to be in line with expectations and the Board Terms of Reference. However, we did note that the information in the 2017-18 annual report of the Pension Board did not include all the expected areas as outlined in the Terms of Reference.</p> <p>Review of meeting minutes and agendas suggests that sufficient time is given in meetings for review of reports and to allow for Board member discussion, although this could be further explored with members. There is evidence that information on emerging issues is taken to Pension Board meetings and that items are brought forward to future meetings as required. The forward meeting plan template document could be further populated for DSFRA and to take account of items brought forward relating to the cancelled meetings July and October 2018.</p> <p>Scheme manager updates and self-assessment updates are taken to Pension Board meetings. A Pension Board Actions Log is maintained and taken to Pension Board meetings, which provides evidence of monitoring of performance against agreed actions</p> <p>A monthly Pensions Administrator performance report to management is received from WYPF which includes reference to matters to be brought to management attention, and it is also noted that a representative from WYPF has attended at Pension Board meeting.</p> <p>The Pensions Regulator (TPR) guidance (code of practice) in relation to governance, record-keeping, internal controls and member communications is reviewed by the by the DSFRA Pension Board and management, however we noted that some areas remain as 'Amber'.</p> <p>A draft risk register Pension Board risk register is in place and is to be further populated following initial review.</p>	<p><b>Good Standard</b></p>

No.	Observation and implications		
2.1	<p>Local Pension Board terms of reference is in place, which includes a Standard of Conduct Board for Members.</p> <p>There is not a formal training plan in place for Local Pension Board Members, however the Pensions Regulator Public Service on-line training is utilised, in-house training is provided to Board Members and all Board Members are invited to attend the annual LGA Firefighters' Pension Conference.</p> <p>As per self-assessment progress records, the Scheme Manager delegate is investigating how the Pensions Regulator on-line toolkit might be used in relation to identification of individual training needs analysis in line with COP14 (s57) 'Pension board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.'</p>		
	Recommendation	Priority	Management response and action plan including responsible officer
2.1.1	Management could consult Board members (for example, via individual meetings or Board member survey) to request information in relation to training needs and feedback on training completed i.e. whether Board members feel that there are areas where the Board, or themselves as individuals, would benefit from additional training provision. This could lead to the development of individual training plans.	Opportunity	<p>Development and training plans should be proportionate to the role and purpose of the Local Pension Board. Where training is undertaken, records will be maintained and made available.</p> <p>LPB Administrator</p>
2.1.2	An annual training plan and report on prior year training completed is something that could be prepared in future and this could be completed in conjunction with review of the requirements of the Pensions Regulator Code of Practice 14 ' - Knowledge and understanding required by Pension Board Members'.	Opportunity	<p>An annual training plan will be considered but again must be proportionate.</p> <p>LPB Chair</p>
No.	Observation and implications		
2.2	<p>The first meeting of the DSFRA Local Pension Board took place in July 2015. The Pension Board Terms of reference are in place and have been recently updated to reflect the change in Pension administrator. The Board statement of purpose and duties are set out within the Terms of Reference.</p> <p>No discrepancies have been identified between the Board Terms of Reference and operation in practice. However, it is noted that the 2017-18 annual report of the Pension Board, as seen by audit, did not provide detail on the number of retirements, new starters, membership numbers and 'opt out' numbers. The report also does not make specific reference to statutory breaches (even if nil) or areas of good practice, all of which are referred to in</p>		

	<p>the Board terms of reference.</p> <p>Whilst meetings are arranged to take place quarterly, it is noted that the most recent two meetings (July and October 2018) have been cancelled. We understand that this was for the reason that the meeting would not have been quorate.</p> <p>Review of a sample of meeting papers and outcomes found the areas reviewed by the Board to be in line with expectations and the Board Terms of Reference. The Board, whilst not a decision making body, can make recommendations, as required, to the Fire Authority.</p> <p>Review of meeting minutes and agendas suggests that sufficient time is given in meetings for review of reports and to allow for Board member discussion. However, this is an area that could be raised with Board members in relation to the previous opportunity recommendation made in respect of seeking Board member feedback i.e. to ask Board members whether they feel that adequate time is given for items on the Board agenda, and this could also include question as to whether the appropriate level of detail is provided and/or whether appropriate items are considered at Board meetings.</p>		
	Recommendation	Priority	Management response and action plan including responsible officer
2.2.1	Future iterations of the Pension Board annual report could include detail on the number of retirements, new starters, membership numbers and 'opt out' numbers, as well as reference to statutory breaches (even if nil) and areas of identified good practice, as referred to within the Board terms of reference.	Opportunity	Information on scheme administration will be included in the annual report.  LPB Chair and scheme manager
2.2.2	Management could seek Board members views in relation to whether sufficient time is given in meetings for review of reports and to allow for Board member discussion, and this could also include question as to whether the appropriate level of detail is provided and/or whether appropriate items are considered at Board meetings.	Opportunity	Feedback on level of detail and review time will be sought by April 2019.  LPB Chair
2.2.3	Linked to 2.2.2, items for inclusion could include audit reports and follow up of agreed recommendations in the subsequent year.	Opportunity	Audit reports will be taken to the Board agreed actions will be incorporated in to the existing LPB actions log.
2.2.4	Attendance at meetings is something that the authority will need to consider in 2019, in relation to the effectiveness of the Board and the impact of cancelled meetings on Board business.	Medium	The issue of meeting attendance has already been identified internally and is therefore an agenda item Board meeting on 31 January.

No.	Observation and implications		
2.3	<p>There is evidence that information on emerging issues is taken to Pension Board meetings and that items are brought forward to future meetings as required. We have suggested areas for inclusion in the forward meeting plan.</p> <p>A monthly Pensions Administrator performance report to management is received from WYPF which includes reference to matters to be brought to management attention including for example Pensions Regulator return figures, number of web registrations, KPI reporting and membership numbers; and reference to remedial actions e.g. in relation to data quality and reference to development of a data improvement plan. The report appears comprehensive and is of use to the Scheme manager. It is noted that a representative from WYPF has attended a Pension Board meeting.</p> <p>Scheme manager updates and self-assessment updates are taken to Pension Board meetings. A Pension Board Actions Log is maintained and taken to Pension Board meetings, this provides evidence of monitoring of performance against agreed actions.</p> <p>It is noted from discussion with officers that deputisation arrangements within HR is being reviewed by the Head of HR and that this might include deputisation and for contingency purposes, in relation to the support to the Pensions Board and liaison with WYPF, as required.</p> <p>We note from our work in relation to the annual KFS audit, that processes relating to Pensions involve finance and HR colleagues, and we would suggest that a process is maintained to ensure that relevant updates are fed to and from both DSFRS support areas, to ensure the Scheme Manager remains suitably informed.</p>		
Page 42	Recommendation	Priority	Management response and action plan including responsible officer
2.3.1	The Pension Board forward meeting plan template document could be further populated for DSFRS and to take account of items brought forward relating to the cancelled meetings July and October 2018. And consideration of whether there are any matters that should be brought to the Board's attention prior to the next scheduled meeting, should this be required (given the last meeting of the Board was understood to have taken place in May 2018).	Opportunity	<p>The forward plan will be included as a standing item on Board agenda.</p> <p>LPB Chair and Administrator</p>
2.3.2	Given the involvement of Finance and HR colleagues, we recommend that a process is maintained to ensure that relevant updates are fed to and from both DSFRS support areas, to ensure the Scheme Manager remains suitably informed.	Low	The employer representatives (one of whom is Finance) and the scheme manager meet regularly to discuss updates and emerging issues. Consideration will be given to how other communication channels can be utilised between Finance and HR.
2.3.3	Appropriate cover and contingency arrangements should be established for the Scheme manager.	Medium	As well as providing resilience, additional capacity could be created. The employer reps and scheme manager will

			consider cover arrangements in their regular meetings and work plan for 2019.  Scheme Manager
No.	Observation and implications		
2.4	<p>TPR guidance (code of practice) in relation to governance, record-keeping, internal controls and member communications is subject to review by the Pension Board, although we noted that not all areas are 'Green', as referred to in the Pensions Regulator public service internal controls resources and checklist (published at <a href="https://www.tpr.gov.uk/en/public-service-pension-schemes/scheme-management/internal-controls-and-managing-risks">https://www.tpr.gov.uk/en/public-service-pension-schemes/scheme-management/internal-controls-and-managing-risks</a>).</p> <p>We understand that the Pension Board Risk Register is currently being revised and further populated.</p>		
	Recommendation	Priority	Management response and action plan including responsible officer
2.4.1	TPR guidance (code of practice) in relation to governance, record-keeping, internal controls and member communications should continue to be reviewed by the DSFRA Pension Board and management, and actions agreed with a view to bringing all self-assessed TPR areas to 'Green'.	Opportunity	TPR Guidance is considered regularly and monitored via the population of surveys and monitoring. Clear records will be maintained.  LPB Chair
2.4.2	It is recommended that the Pension Board risk register be further populated, as planned, and be subject to review by the Board on a regular basis. This could include development of written procedures for assessing and managing risks.	Opportunity	The risk register is in development.  Scheme Manager

## Definitions of Audit Assurance Opinion Levels

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

## Definition of Recommendation Priority

Priority	Definitions
High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

## Confidentiality under the National Protective Marking Scheme

---

Marking	Definitions
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.

This page is intentionally left blank



### Self-Assessment Update

Questions	June 2017	November 2017	Progress	April 2018	August 2018	October 2018
Governing your scheme						
1. Have you clearly defined and recorded the roles & responsibilities of the pension board?	Amber	Amber	Terms of Reference agreed and published	Green	Green	Green
2. Have you published information about the pension board and ensured it is kept up to date?	Amber	Green	Website live and up to date	Green	Amber	Green
3. Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?	Amber	Amber	Arrangement in place and all members tasked with completing the eLearning's on The Pension Regulator website. The requirement to undertake personal training is defined in the Terms of Reference	Green	Green	Green
4. Do you use the following for your pension board? A.) Training plans	Amber	Amber	Completion of TPR eLearning modules when first joining. Attending at least one LGA organised event per year <b>HS</b> created communications table to assist with clarity of communications.	Amber	Green	Green
B.) Individual training needs analysis	Amber	Amber	Steve Pope to investigate the TPR website for TNA	Amber	Amber	Amber

### Self-Assessment Update

C.) Training log	Red	Amber	Training log updated on completion of e-learning modules	Green	Green	Green
5. Do you have a conflicts policy and procedure for pension board members?	Red	Green	Yes	Green	Green	Green
6. Do you have a register of interests (or equivalent)?	Red	Green	Yes	Green	Green	Green
Managing Risks and Issues						
1. Do you have procedures in place for assessing and managing risk?	Red	Amber	Draft RR produced, to be considered at the LPB. The procedure is currently informal.	Amber	Amber	Amber
2. Do you have a risk register?	Red	Amber	Draft has been produced and to be reviewed at September management meeting	Amber	Amber	Amber
3. Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?	Amber	Green	Procurement process identified quality controls. WYPF report and KPIs External Auditors undertake annual review	Green	Green	Green
4. Do you have a service level agreement, or equivalent, in place with your scheme administrators,	Green	Green	Service level agreement in place between the Service and West Yorkshire Pension Fund	Green	Green	Green

### Self-Assessment Update

whether in house or outsourced?						
5. Are your internal dispute resolution arrangements clearly communicated to members and others?	Amber	Green	Link on website to WYPF	Green	Green	Green
6. Do you have procedures in place identify, assess and report breaches of the law?	Red	Green	Reporting breaches procedure	Green	Green	Green
Administration						
1. Do you have a process in place to ensure that information is provided to TPR as required (e.g. through the scheme return)?	Green	Green		Green	Green	Green
2. Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate	Green	Green	Processes are established through SLA and KPIs with the WYPF	Green	Green	Green

### Self-Assessment Update

and complete?						
3. Do you have controls in place to ensure that you employer(s) provides timely, accurate and complete data?	Green	Green	Monthly reconciliations in place	Green	Green	Green
4. When did you last carry out a data review exercise?	Green	Green	March 2018 when the Pension Administrator transferred over.  Need to check the SLA with WYPF	Green	Green	Green
5. Where you have identified poor quality or missing data, do you have an improvement plan to address issues?	Green	Green	Issues are reported through the monthly report to management from WYPF. Data issues arose from the change in scheme administrators. Scheme Manager is checking with WYPF on their plans for remedial action.	Green	Amber	Amber
6. Do you have processes in place for monitoring scheme contribution, resolving issues and assessing whether to report payment failures to TPR?	Green	Green	Finance department monthly procedures	Green	Green	Green

### Self-Assessment Update

7. Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?	Green	Green	Moved to new provider April 2018 and are satisfied with their arrangements – will be reviewed annually against national template	Green	Green	Green
8. Have you taken steps to ensure that member communications are clear, accurate, and easily accessible?	Amber	Green	Procurement process reviewed communications – SLA	Green	Green	Green

This page is intentionally left blank



**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## **LOCAL PENSION BOARD REPORT**

**Notes:**

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

<b>DATE OF MEETING</b>	31 January 2019
<b>SUBJECT OF REPORT</b>	Appointments to the Board
<b>REPORT AUTHOR</b>	Director of Corporate Services
<b>EXECUTIVE SUMMARY</b>	<p>2019 is the fifth year that the Board has been in operation and, in accordance with the Terms of Reference, two Board members will come to the end of their initial terms of office. There is no restriction on existing Board members being re-appointed to the Board following the end of their term of office.</p> <p>Arrangements will need to be put in place for the appointment to at least two Board positions effective from June 2019. The paper outlines two options depending on the willingness of existing Board members to continue in office. In the event that more than two Board Members are either unable or unwilling to continue in office, additional appointments will be necessary.</p>

1. The Terms of Reference for the Board sets out that:
  - the term of office for Board Members will be four years, with two positions on the Board (ideally one employer and one member representative) being subject to appointment every year so as to maintain continuity of knowledge and experience; and
  - after the first four years only two positions will be considered for appointment, i.e. year 5 is first new appointment process; and
  - There will be no restriction on existing Board Members being re-appointed to the Board following the end of their initial (or subsequent) term of office.
2. This is now the 5<sup>th</sup> year of the Board and, according to the conditions set by the Terms of Reference, two positions on the Board must be considered for appointment (or re-appointment).

#### **Option 1**

3. Of the Scheme Manager representatives, only Mr Pearson has been on the Board since its inauguration and so his initial term of office comes to an end this year. The Authority will be asked to make a new appointment at its Annual Meeting on 7 June 2019. Mr Pearson has indicated that he is willing to be reappointed but the Authority may determine to appoint another representative.
4. Of the Scheme Member representatives, both Mr Walker and Mr Redbourn have been on the Board since its inauguration. However, in accordance with the Terms of Reference, as only two positions will be considered for appointment in year 5 (to maintain continuity of knowledge and experience built up by the inaugural members of the Board) only one of these two members will come to the end of their initial term of office. At the time of writing neither of these two members has been asked what their position is and they are invited to confirm this at the meeting.
5. In accordance with the Authority's scheme of delegations, the Scheme Manager should begin planning for a selection process to appoint a Scheme Member representative such that the appointee can be in place for June 2019.

#### **Option 2**

6. As the Terms of reference seek to limit to two the number of Board positions being subject to appointment every year (so as to maintain continuity of knowledge and experience on the Board), in the event that more than one Scheme Member representative wishes to stand down and not seek re-appointment, there will not be an appointment for a Scheme Manager representative this year.
7. In this scenario, and in accordance with the Authority's scheme of delegations, the Scheme Manager should begin planning for a selection process to appoint two Scheme Member representatives such that the appointees can be in place for June 2019.

#### **Conclusion**

8. The above options represent the minimum actions necessary this year in terms of appointments in accordance with the Terms of reference. In the event that more than two Board Members are either unable or unwilling to continue in office, additional appointments will be necessary.

**Mike Pearson**  
**Director of Corporate Services**





**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

## LOCAL PENSION BOARD REPORT

### Notes:

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

<b>DATE OF MEETING</b>	31 January 2019
<b>SUBJECT OF REPORT</b>	Terms of Reference – Quorum and Membership
<b>REPORT AUTHOR</b>	Director of Corporate Services
<b>EXECUTIVE SUMMARY</b>	<p>The previous two meetings of the Board (May and October) were cancelled because the quorum was not achieved. The Pensions Regulator has indicated that pension boards should meet at least quarterly and that meeting frequency is now regarded as best practice.</p> <p>Given the difficulty in finding alternative dates for meetings at short notice, the cancellation of meetings because of quorum difficulties should only occur in exceptional circumstances. The Terms of Reference should seek to provide arrangements where the quorum can be more easily maintained.</p> <p>The current quorum for the Board is four (two thirds), which must comprise two Scheme Manager representatives and two Scheme Member representatives. As a comparator, the quorum for Fire Authority and Committee meetings is one third.</p> <p>This paper outlines two potential options for changes to the Terms of Reference that would reduce the risk of meetings being cancelled because of not being quorate.</p>

## **Introduction**

1. The previous two meetings of the Board (May and October) were cancelled because the quorum was not achieved. Dates for Board meetings are set well in advance but there will be occasions when commitments unexpectedly change and individuals have to tender their apologies. The Terms of Reference for the Board need to facilitate the effective conduct of business and should not create artificial obstacles.
2. The Pensions Regulator has indicated that pension boards should meet at least quarterly and that meeting frequency is now regarded as best practice. Accordingly, the Terms of Reference for the Board were subsequently amended to reflect a quarterly meeting cycle. Given the difficulty in finding alternative dates for meetings at short notice, the Terms of Reference should seek to provide arrangements where the cancellation of meetings because of quorum difficulties is the exception.

## **Quorum**

3. The current quorum for the Board is four (two thirds), which must comprise two Scheme Manager Representatives and two Scheme Member representatives. This effectively means that if two members for either group are not available the Board is inquorate even though four Board members may be present.
4. As a comparator, the quorum for Fire Authority and Committee meetings is one third.
5. There is scope to change the quorum to make it less likely that meetings would be inquorate. A proposal to amend the quorum to three (50%) to include at least one Scheme Manager representative and one Scheme Member representative, was circulated to Board member in October last year in an attempt to avoid the October meeting being cancelled.
6. Given that the Board is not decision making, the rationale for this proposal was that it was better to have a Board meeting where there was not an equal number of representatives from both groups rather than have to cancel the meeting. In considering this, it should be recognised that the existing quorum does not require an equal number of representatives from both groups.
7. Whilst this proposal was supported by all of the Scheme Manager Representatives, it was not supported by the Scheme Member representatives. Consequently, in the absence of an opportunity to discuss the quorum position further, no changes were made and the October Board meeting was cancelled.
8. The current quorum requirements do appear to be overly high when compared to the quorum requirements for the Fire Authority and its Committees and the Board is invited to consider amending the Terms of Reference as set out in paragraph 5.

## **Membership**

9. At the time the above proposal on changes to the quorum was being discussed, one of the Scheme Member representatives put forward an alternative suggestion to mitigate the risk of meetings not being quorate, which was to increase the number of Members on the Board.
10. Increasing the Board membership to eight would reduce the existing quorum requirement to 50% although the need for the 50% to include a minimum of two Scheme Manager representatives and two Scheme Member representatives would remain. This change would require the approval of the Fire Authority and for the Authority to appoint an additional Scheme Manager representative. It would also require the Scheme Manager to undertake a selection process to appoint an additional Scheme Member representative.

11. The proposal to increase the Board membership to eight would go some way to reducing the risk of meetings not being quorate. However, Board members will be aware that the previous recruitment processes for Scheme Member representatives have not generated large levels of interest and the time demands on undertaking training and reading sufficient information in order to effectively discharge the role may be a factor in this.

## **Conclusion**

12. The present arrangements for a quorum have proved to be not practical and changes are necessary. The changes to the quorum outlined in paragraph 5 could be implemented immediately. The changes to the membership of the Board would require approval by the Authority and a subsequent selection process for an additional Scheme Member representative, which means that benefits of the change would not be in place for several months.

**Mike Pearson**  
**Director of Corporate Services**

This page is intentionally left blank