

**Northamptonshire
Firefighters' Pension Scheme
Local Pension Board**

**Annual Report
2015-16**

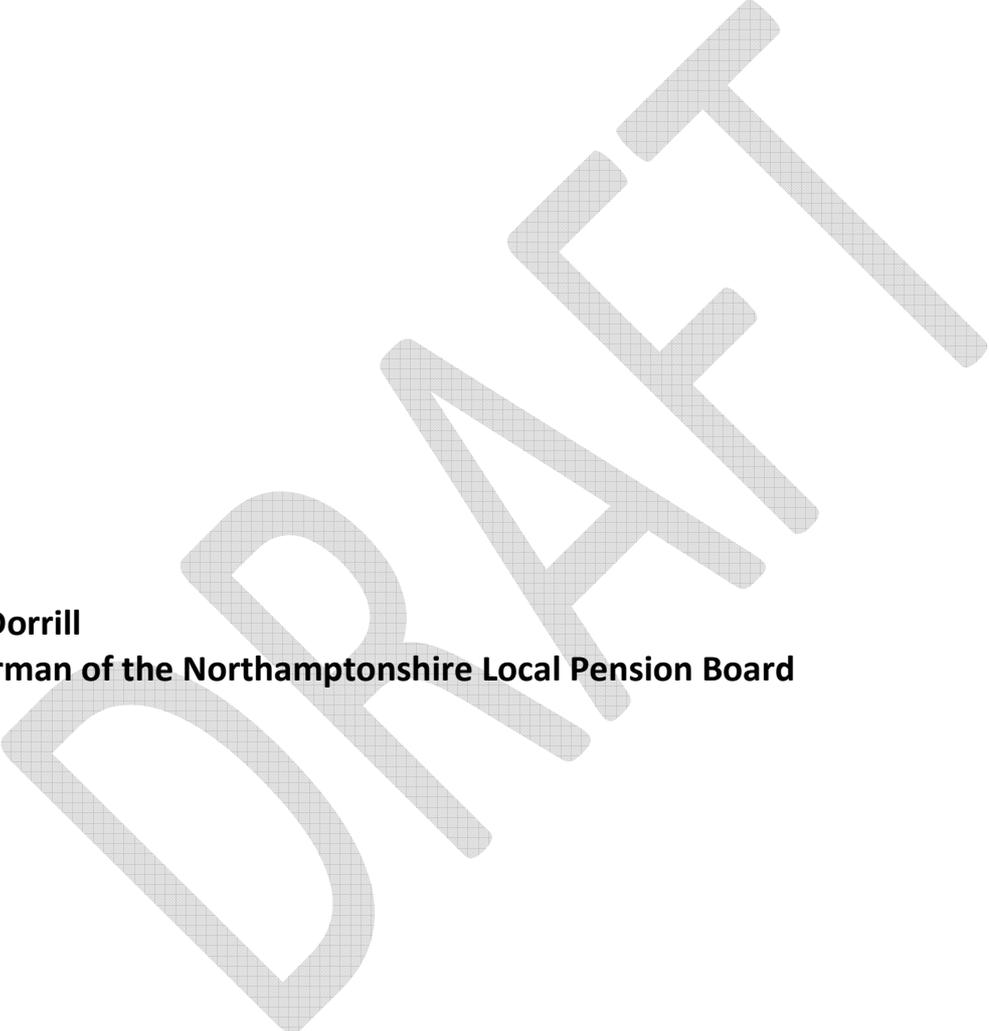
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Chairman’s Foreword

To be confirmed

Jim Dorrill
Chairman of the Northamptonshire Local Pension Board



Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board. In the case of the Firefighters' Pensions Scheme, the role of the Board is to assist the Scheme Manager (Northamptonshire County Council):

- to secure compliance with:
 - the relevant regulations;
 - any other legislation relating to the governance and administration of the Scheme (and any Connected Scheme); and
 - the requirements imposed by the Regulator in relation to the Scheme (and any Connected Scheme), and
- to ensure the effective and efficient governance and administration of the Scheme (and any Connected Scheme).

The Local Pension Board is expected to complement and enhance the Council's existing arrangements for managing the scheme. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Council and its officers when they act in the capacity of scheme manager.

The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pension came into force on 1st April 2015. These regulations required the Council to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1st April 2015. In this context, established means that the Council, as Scheme Manager, had to approve the creation of the Board and agree its composition and terms of reference in accordance with its constitution. It did not mean that the Firefighters' Pension Scheme Local Pension Board had to be fully operational by that date.

However, it was anticipated all Local Pension Boards should be operational within a reasonable period after 1st April 2015, and certainly by the end of July of that year. The Northamptonshire Firefighters' Pension Scheme Local Pension Board was established by the Council at its meeting of full Council meeting on 19 March 2015 and held its first meeting on 29 July 2015.

Role and Remit

The role and remit of the Local Pension Board is to assist the Council in its capacity as scheme Scheme Manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that the Council has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere. It is a slightly different role when compared to the (seperate) Board charged with overseeing the Local Government Pension Scheme arrangements as the Firefighters' Pension Scheme is an unfunded scheme with no investment aspect.

Constitution and Membership

The Council approved the terms of reference for the Firefighters' Pension Scheme Local Pension Board on the basis that the Board is a stand-alone authority. It has also approved standing orders for the Board. A copy of both documents is available at the following link:

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

A concise summary of the Firefighters' Pension Scheme Local Pension Board's terms of reference is set out in the Council's constitution (see Part 2, Article 9 (Local Pension Boards) and Part 3 (Responsibility for Functions):

<https://cmis.northamptonshire.gov.uk/cm5live/PublicDocuments.aspx>

In order to ensure they are fully representative, all Local Pension Boards must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting in March 2015, the Council agreed to establish a Firefighters' Pension Scheme Local Pension Board with two employer representatives and two scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.

Council determined that one of the employer representatives were to be appointed by Full Council directly, while all other members were appointed via an open and transparent selection process. An application pack containing the terms of reference and an outline of the knowledge and understanding and capacity requirements was made available and advertised to employers and members within the Fund in a way that was compliant with the requirements set out in the relevant guidance on the creation and operation of Local Pension Boards. Following receipt of applications from potential representatives, a short listing and interview process involving the Council's Monitoring Officer determined that the selected representatives had the required attributes to carry out the role effectively.

The appointment/recruitment process led to the successful appointment of two scheme member representatives – Jim Dorrill and Terry Smith – and two employer representatives – Paul Hanson and Councillor Graham Lawman. The appointment of Paul Hanson was an interim measure in order to secure compliance with the relevant statutory requirements and he was replaced by David Harding after the first meeting of the Board. The current membership of the Board is as set out below:

Employer Representatives

Member	Role	Email	Appointed
David Harding	Area Manager Corporate Services Northamptonshire Fire and Rescue Service	DHarding@northantsfire.org.uk	June 2015
Councillor Graham Lawman	County Councillor	gmlawman@northamptonshire.gov.uk	September 2015

Scheme Member Representatives

Member	Role	Email	Appointed
Jim Dorrill	Northamptonshire Fire and Rescue Service	JDorrill@northantsfire.org.uk	June 2015
Terry Smith	Northamptonshire Fire and Rescue Service	TSmith@northantsfire.org.uk	June 2015

The Chair and Vice-Chair of the Board is elected by the Board on annual basis. The current Chair is Jim Dorrill and the Vice-Chair is Graham Lawman.

The Board has met four times during the period of this Annual Report. The attendance record for members of the Board is detailed below:

Date	David Harding	Councillor Graham Lawman	Jim Dorrill	Terry Smith
29/07/15	N/A	Attended	Attended	Attended
03/12/15	Attended	Apologies	Attended	Apologies
10/03/16	Attended	Attended	Attended	Attended
04/05/16	TBC	TBC	TBC	TBC

Note – May information to be included.

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Code of Conduct and Conflicts Policy

The Council, as Scheme Manager is required to prepare and approve a code of conduct for the Board to adopt. This code has to set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles).

The elected and co-opted members of the Council are governed by the code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors or co-opted members. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board. At its meeting in December 2015, the Firefighters' Pension Scheme Local Pension Board formally agreed to adopt the Council's Code of Conduct for all members of the Board.

Aside from the provisions of the Council's Code of Conduct, for the purposes of the members of the Local Pension Board, a 'conflict of interest' is defined in section 5(5) of the Public Service Pensions Act 2013 as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a Local Pension Board (although that does not include a financial or other interest arising by virtue of that person being a member of the Firefighters' Pension Scheme). The Pensions Regulator recommended that all administering authorities put in place a Conflict of Interest Policy for the operation of their new local pension boards. The Firefighters' Pension Scheme Local Pension Board duly agreed a detail Conflicts Policy at their meeting in December 2015. A copy of the policy can be found here: https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

It is not anticipated that significant conflicts of interest will arise, particularly as the Firefighters' Pension Scheme has no investment aspect. However, officers will take steps to identify, monitor and manage conflicts in accordance with the policy.

Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Firefighters' Pension Scheme; and
- any document recording policy about the administration of the Scheme which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

The Council is required to make appropriate training available to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training. The Board, in turn, is required to establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to its members.

Being conversant with the rules of the Firefighters' Pension Scheme and any document recording policy about the administration of the Fund means having a working knowledge (i.e. a sufficient level of familiarity) of them so that members of a Local Pension Board can use them effectively when carrying out their role of assisting the County Council. In particular members of a Local Pension Board need to understand the rules and documents in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.

In order to assist the Council, it is implicit that members of the Local Pension Board understand the duties and obligations that apply to the Council as well as to themselves. The rules of the Scheme would include the relevant regulations and transitional regulations, as well as any statutory guidance referred to in these regulations. The Board needs to be aware of the range and extent of overriding law which applies to the Firefighters' Pension Scheme and have sufficient knowledge and understanding of the content and effect of that law to recognise when and how it impacts on their role, responsibilities and duties.

Given the role of the Local Pension Board is to assist the Council, members of a Board need to have sufficient knowledge and understanding to challenge any failure by the Council to comply with the Regulations and other legislation relating to the governance and administration of the Firefighters' Pension Scheme and/or any failure to meet the standards and expectations set out the Code of Practice.

Members of the Board are required to have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Board is given. They must be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to their duty to assist the Council. A Local Pension Board's knowledge management policy and framework provides for the acquisition and retention of knowledge and understanding for its members. Members of the Local Pension Board are aware that their knowledge and understanding responsibilities technically began from the date they first took up their post.

The knowledge management policy and framework requires its members to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. A personalised training plan is then be used to document and address these promptly. This would be supported by any person the Local Pension Board has designated to implement the knowledge and understanding policy and framework.

Learning programmes deliver the appropriate level of detail to ensure that Local Pension Board members have the required level of knowledge and understanding specific to the Firefighters' Pension Scheme. The Knowledge Management Policy has been designed to assist the Local Pension Board in performing and developing its role in accordance with the Terms of Reference with the ultimate aim of ensuring that Scheme is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 also enforced by the Pensions Regulator.

The Knowledge Management Policy incorporates both the best practice as identified by the CIPFA Technical Knowledge and Skills Framework and the requirements of the Pensions Regulator. The Pension Regulator's Code of Practice requires all members of the Local Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively. Board members need to be conversant with the rules of the scheme and any document recording policy about the administration of the Firefighters' Pension Scheme and to have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The Knowledge Management Policy also recognises the requirement that skills and knowledge within the remit of a local pension board must be on an individual

rather than a collective basis. As such self- assessments will identify individual training needs following which appropriate training will be arranged. The Policy sets out the methods by which the members of the Pension Fund Board will achieve and maintain the required knowledge and understanding and how this will be measured on an ongoing basis.

The Local Pension Board is required to keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps. It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund’s Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time. A schedule detailing the training undertaken by Local Pension Board members is detailed below:

Member	Event	Date
David Harding	TBC	
Councillor Graham Lawman	TBC	
Jim Dorrill	TBC	
Terry Smith	TBC	

The Board received and approved the Knowledge Management Policy for Firefighters’ Pension Scheme Local Pension Board members at its second meeting in October 2015. The Policy is available at the following link:

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

Reporting Breaches of the Law to the Pensions Regulator Policy

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its meeting in Dweceember 2015, the Firefighters' Pension Scheme Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), a policy had been developed which set out the mechanism for reporting breaches of the law. The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

Work Programme 2015-16

The Local Pension Board has met four times in 2015-16 on 29th July 2015, 3rd December 2015, 10th March 2016 and 4th May 2016.

Board Meeting – 29th July 2015

At its first meeting the Board considered its Terms of Reference and the Knowledge and Understanding Policy, both of which are covered separately in the Annual Report. The Board received a report setting out its priorities and work programme for 2015-16. The work programme is reviewed at every Board meeting in order to take account of issues that arise during the year. The Board also discussed the principle of developing a policy on scheme discretions and a communications policy.

Board Meeting – 3rd December 2015

The Board reviewed and agreed the policy and Reporting Breaches of the Law to the Pensions Regulator, as well as the Conflicts of Interest Policy. Following on from the previous meeting, the Board also reviewed the High Level Overview of the Scheme Manager Discretions in the Firefighters' Pension Scheme 2015.

Board Meeting – 10th March 2016

The Board reviewed reports on the Pensions Regulator's Code of Practice and the results of the Pensions Regulators' survey of public sector governance and administration. The Board also received a training item on Scheme Manager Discretions in the Firefighter's Pension Scheme 2015

The Board also discussed the service relationship between the LGSS Pensions Team and the Fire and Rescue Service.

Board Meeting – 4th May 2016

Note - This section to be revised when information available

The Board discussed and agreed its Annual Report.

More detail is available in the agendas and minutes of the above Board meetings which can be accessed via following link:

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

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Work Programme 2016-17

The Firefighters' Pension Scheme Local Pension Board maintains a work programme which is considered at every meeting. Now that the Board is established and members have completed a number of training activities it will begin to select topics for in-depth analysis with a view to making recommendations to the Pension Committee on a regular basis.

The Work Programme for 2016-17 is as set out below:

Add work programme when completed

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Key Officers supporting the Local Pension Board

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