Information

Firefighters' Pension Schemes Management and Governance

Introduction

The purpose of this document is to highlight the roles of the stakeholders within the management and governance of the England Firefighters' Pension Schemes (FPS), and the guidance that is available to ensure good governance and management of the scheme. It is not a comprehensive guide to the roles and responsibilities of the bodies that make up the community.

Readers should note that while there are similarities between the FPS regulations in Wales, Scotland and Northern Ireland, there are some different arrangements for the management and governance of the devolved schemes.

Stakeholders

The Scheme has a number of key stakeholders all playing a role in its effective administration including Fire and Rescue Authorities (FRAs), both as employers and scheme managers, the Local Government Association (LGA), administrators, Local Pension Boards (LPBs), Scheme Advisory Board (SAB), and the Home Office as Responsible Authority.

• Scheme managers

The scheme manager is defined under rule 3 and 4 of the 2014 regulations[1] as being the Fire and Rescue Authority as determined under section 1 of the Fire and Rescue Services Act 2004

The scheme manager is responsible for managing and administering the Firefighters' Pension Scheme 2015 and any statutory pension scheme that is connected with it.

---

[1] http://www.legislation.gov.uk/uksi/2014/2848/regulation/4/made

If, under statutory amendment, the functions of the FRA are transferred to the mayor's office or the Police and Crime Commissioner, becoming a Police and Fire Crime Commissioner (PFCC), the mayor's office or PFCC will become the scheme manager.

The Scheme has 45 scheme managers as summarised in the table below:

Type of Fire and Rescue Service	Number
County Council	4
Combined Fire and Rescue Authorities	19
Combined Authority (Mayoral)	1
Police and Fire Crime Commissioners	4
Metropolitan Fire and Rescue Authorities	5
London Fire Commissioner	1
Unitary Authority	11

A list of FRAs in England can be found here[2]

The scheme manager has responsibility for managing and administering the FPS including:

- Calculation and payment of benefits

- Decisions and discretions

- Disclosure of information

- Record keeping

- Internal controls

- Internal Dispute Resolution

- Reporting breaches of law

- Statements, reports and accounts

• Scheme manager delegation

The scheme regulations allow for the scheme manager function to be delegated under rule 5 of the 2014 regulations[3], to such persons or employees of such person as may be authorised in that behalf by the scheme manager.

However, the use and consistency of that delegation varies across FRAs and can often depend on the governance structure in force.

A factsheet[4] is available on the role and delegation of scheme manager. The delegated scheme manager should sit within the senior management team of the Fire and Rescue Service (FRS)

---

[2] http://www.fpsregs.org/images/admin/AdminApr2019.pdf
[3] http://www.legislation.gov.uk/uksi/2014/2848/regulation/5/made
[4] http://www.fpsregs.org/images/admin/Schememanagerv1.pdf

• Local Government Association (LGA)

The LGA is the national voice of local government. It is a politically-led, cross party membership organisation, representing councils from England and Wales, fire authorities and other public sector employers

The role of the LGA is to support, promote and improve local government, and raise national awareness of the work of public sector employees. In this regard LGA works across the sector in various capacities such as policy, strategy, improvement and workforce.

The pensions team support employers with their responsibilities in the various public sector pension schemes, such as Local Government Pension Scheme (LGPS), Fire, Police, and Teachers pensions. The Fire and Police schemes are supported by the 'Bluelight' team within the LGA pensions team.

For the FPS, this service has been developed to bring together the management, governance, and administration of the FPS to ensure that FRAs and their stakeholders are provided with the necessary specialist advice, communication materials, training and information to enable them to discharge their duties and achieve excellent standards in all areas related to the above pension schemes and compensation scheme matters. The service includes:

- A library of guides and sample documents[5], including technical notes on the FPS and related matters
- A library of factsheets[6] for stakeholders within the FPS
- A monthly bulletin[7] highlighting issues affecting the FPS
- Technical support[8], answering technical queries on the FPS regulations and their effect
- An online library[9] of statutory guidance and other related legislation
- Representing the interests of FPS stakeholders at a national level with government and other bodies, such as Fire Services Management Committee (FSMC), NFCC Finance Committee, the Pensions Regulator (TPR) and the Pensions Ombudsman (TPO)
- Providing a secretariat service for the Firefighters (England) Pension Scheme Advisory Board (SAB)
- A programme of pensions training for FPS pension practitioners, scheme managers and their delegated representatives and LPBs
- Facilitation of a network of forums and groups to share best practice and provide peer support, these are:

  o **Regional Fire Pension officer groups (FPOGs)**

  FPOGs provide an opportunity for those with responsibility for managing the pension scheme, i.e. scheme managers and their delegated representatives, and pension administrators to meet on a regular basis to discuss current issues and share best practice.

---

[5] http://www.fpsregs.org/index.php/administration-resources/guides-and-sample-documents
[6] http://www.fpsregs.org/index.php/administration-resources/factsheets
[7] http://www.fpsregs.org/index.php/bulletins-and-circulars/bulletins
[8] http://www.fpsregs.org/index.php/administration-resources/technical-queries
[9] http://www.fpsregs.org/index.php/regulations

There are six regional FPOGs

Eastern	South Eastern
Midlands	South West
North West	North East

Further details and minutes from these groups can be found on the password restricted page here[10].

o **Technical Group**

The purpose of the Firefighter Pensions Technical Community is to work together with the Home Office, LGA, and other fire service stakeholders to enable the effective facilitation of the administration of the FPS and is set out in the terms of reference[11].

The minutes and papers from the technical group can be found on the password restricted page here[12].

o **Fire Communications Working Group**

The Fire Communications Working Group (FCWG) is a collaborative forum attended on a quarterly basis by fire service and pension administration professionals who are involved in communicating the FPS benefits.

The FCWG provides the opportunity for fire services to share knowledge and experience in the field of communications and to assist the LGA fire team in the development and provision of centrally devised communications resources. The Terms of Reference[13] gives more information about the background and membership of the group.

The minutes and papers from the communications group can be found on the password restricted page here[14].

---

[10] http://www.fpsregs.org/index.php/member-area/regional-fire-pension-officer-groups
[11] http://www.fpsregs.org/images/Tech/TORv1.pdf
[12] http://www.fpsregs.org/index.php/member-area/firefighters-technical-community
[13] http://www.fpsregs.org/images/FCWG/TOR070519.pdf
[14] http://www.fpsregs.org/index.php/member-area/fire-communications-working-group

• Administrators

Each FRA can appoint an administrator to run the day to day administration of their pension scheme, the FPS regulations do not confer any legislative responsibilities on the administrator, which all remain the liability of the scheme manager.

There are currently 19 administrators including third party providers and in-house administration teams working with English FRAs.

The precise details of their role will depend upon the contractual arrangements where administration is carried out by a third party provider, but will generally include paying pensions, issuing annual benefit statements and other aspects of the day to day running of the scheme.

Administrators of the scheme are sometimes also the administering authority for the LGPS scheme, and therefore the scheme manager for the LGPS. This can cause confusion with their role of administrator with the FPS, because unlike the LGPS they do not have any legislative responsibilities under the regulations.

A list of FRAs and their administrators can be found here[15].

• Local Pension Boards (LPBs)

The requirements of the Public Service Pensions Act (PSPA) 2013 governance provisions[16] were implemented by the Firefighter Pension Scheme (Amendment)(Governance) Regulations 2015[17] and brought into being LPBs.

The LPB's role is to "assist" the scheme manager[18] to secure compliance with the regulations, any other legislation relating to the governance and administration of the scheme, and any requirements imposed by TPR in relation to the scheme.

The board also assists the scheme manager to ensure the effective and efficient governance and administration of the scheme.

Where available the terms of reference of each LPB can be found under the 'Local Pension Board' tab of www.fpsboard.org[19]

---

[15] http://www.fpsregs.org/images/admin/AdminApr2019.pdf
[16] http://www.legislation.gov.uk/ukpga/2013/25/crossheading/governance
[17] http://www.legislation.gov.uk/uksi/2015/465/regulation/4/made
[18] http://www.fpsregs.org/images/admin/Schememanagerv1.pdf
[19] http://www.fpsboard.org/index.php/local-pension-boards

• Scheme Advisory Board (SAB)

The PSPA 2013 and Firefighter Pension Scheme (Amendment) (Governance) Regulations 2015[20] also bought into being the SAB.

The function of the SAB is to provide advice as requested by the Secretary of State on the desirability of making changes to the Scheme and also to provide advice to the Scheme Managers and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme.

To support the SAB in its delivery of its work plan, the SAB has three committees[21]

- Cost-effectiveness
- Local Pension Board Effectiveness
- Administration and Benchmarking

The membership profile and terms of reference for the SAB is available to view on the board website[22].

• The Pensions Regulator (TPR)

The PSPA 2013 gave regulatory oversight to TPR[23].

TPR is a public body established by the Pensions Act 2004[24] to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement. TPR has powers to "educate, enable, and enforce", and is responsible for promoting robust scheme governance. The Regulator is sponsored by the Department for Work and Pensions (DWP).

TPR published the code of practice 14[25] for public sector pension schemes to abide by.

• Responsible Authority

The Responsible Authority for the management of the FPS is the Home Office taking over from what is now the Ministry of Housing, Communities and Local Government (MHCLG) in January 2016.

The Home Office makes the scheme regulations, which will specify the scheme manager and the matters for which the LPB is responsible.

---

[20] http://fpsboard.org/index.php/about-the-board
[21] http://www.fpsboard.org/index.php/board-committees
[22] http://www.fpsboard.org/index.php
[23] http://www.legislation.gov.uk/ukpga/2013/25/schedule/4
[24] http://www.legislation.gov.uk/ukpga/2004/35/contents
[25] https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/code-14-public-service.ashx

Guidance and support

There is a range of guidance and training available to stakeholders of the FPS, the below highlights a range of guidance relevant for LPBs and scheme managers in their roles of managing and governing the scheme.

• Training

- Free Training
  Under the SAB levy each FRA is entitled to a free training session on its management and governance arrangements. The training is provided by LGA and an example is available here[26].

- 'Wrap up' training
  An annual session[27] is offered to new members of boards who may not have had an opportunity to attend full board training.

- Topical workshops
  Annual workshops are run across a selection of different technical topics, to allow best practice sharing and open discussion.

- Conferences
  - An annual conference with a specific focus on data, brings together a host of industry experts to reflect on data issues and its importance in running pension schemes.

  - An annual governance conference is run each year in May with the Regulator attending to highlight preliminary results of the TPR admin and governance survey.

  - The annual LGA Fire Pensions conference is a two day event which runs in September each year. This brings together the various stakeholders of the scheme to network and provides informative updates. The first day of the AGM is always devoted to governance and allows a networking session for chairs of boards to network with their peers.

- Details of all events along with the presentation slide decks are available on the event page[28]

- A survey of the Bluelight team's current and future training provision was carried out in 2019. The research report can be accessed here[29]

---

[26] http://www.fpsboard.org/index.php/local-pension-boards/training
[27] Scheme Advisory Board Events - http://www.fpsboard.org/index.php/events
[28] http://www.fpsboard.org/index.php/events
[29] http://www.fpsboard.org/images/PDF/Surveys/Training2019.pdf

• Information and guidance

- The 'Local Pension Board' tab within www.fpsboard.org has three dropdown menus containing resources and guidance and best practice for pension boards.

- A breach assessment template[30] is provided to give guidance on assessing, recording and reporting breaches of law.

- The template terms of reference[31] for boards re-asserts that quarterly meetings are best practice and that the term of office should be as a minimum longer than twelve months. The illustrative scheme year cycle[32] encourages quarterly meetings.

- From 2018 TPR have required schemes to provide a data score in their annual scheme return. A list of illustrative data requirements[33] for common and scheme specific data scores for the FPS were published in August 2018.

• Resources and best practice

- The SAB surveyed LPBs during November and December 2017 and published the results[34] in February 2018 along with the SAB recommendations during 2018.

- The monthly bulletin index[35] under the tab 'local pension board' contains all the references to LPBs within the bulletins.

- The SAB Local Pension Board effectiveness committee[36] meets quarterly to determine what further guidance might be developed to help pension boards.

- There are two comprehensive websites available www.fpsregs.org and www.fpsboard.org the third and final website www.fpsmember.org is expected to go live early next year.

---

[30] http://www.fpsboard.org/images/LPB/Resources/Breachassessment210119.docx
[31] http://www.fpsboard.org/images/LPB/TOR/DraftLPBTORJune19clean.docx
[32] http://www.fpsboard.org/images/LPB/Resources/Schemeyear.pdf
[33] http://www.fpsregs.org/images/admin/TPRdatascoring0818.pdf
[34] http://www.fpsboard.org/images/PDF/Bulletin6/Appendix3.pdf
[35] http://www.fpsboard.org/images/PDF/TopicsAug19.pdf
[36] http://www.fpsboard.org/index.php/board-committees/local-pension-board-effectiveness

This factsheet has been prepared by LGA to give some guidance on the rules of the pension scheme using the regulations as they stand at September 2019, however they should be used only as an <u>informal view</u> of the interpretation of the firefighters' pension scheme as only a court can provide a definitive interpretation of legislation. This factsheet should not be interpreted as legal advice

Please address any queries on the content of this factsheet to
bluelight.pensions@local.gov.uk

September 2019