

## Notice of Meeting – Urgent item

# Audit & Governance Committee



**Date & time**  
**Monday, 28**  
**September 2015**  
at **10.00 am**

**Place**  
Committee Room C,  
County Hall, Kingston  
upon Thames, Surrey  
KT1 2DN

**Contact**  
Cheryl Hardman  
Room 122, County Hall  
Tel 020 8541 9075

**Chief Executive**  
David McNulty

[cherylh@surreycc.gov.uk](mailto:cherylh@surreycc.gov.uk)

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**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Cheryl Hardman on 020 8541 9075.**

### **Members**

Mr Stuart Selleck (Chairman), Mr Denis Fuller (Vice-Chairman), Mr W D Barker OBE, Mr Will Forster, Mr Tim Hall and Mr Saj Hussain

### **Ex Officio:**

Mr David Hodge (Leader of the Council), Mr Peter Martin (Deputy Leader and Cabinet Member for Economic Prosperity), Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

## AGENDA

### 14 LOCAL FIREFIGHTERS' PENSION BOARD

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- 12)

The report provides a recommendation for the Audit and Governance Committee to approve amendments to the terms of reference of the Local Firefighters' Pension Board.

The Chairman has approved this item to be taken as a matter of urgency to allow the Local Firefighters' Pension Board to meet as soon as possible, according to the Pensions Regulator's requirements.

**David McNulty**  
**Chief Executive**

Published: 23 September 2015

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Audit & Governance Committee  
28 September 2015

## Local Firefighters' Pension Board

### Purpose of the report:

The report provides a recommendation for the Audit and Governance Committee to approve amendments to the terms of reference of the Local Firefighters' Pension Board.

### Recommendations:

It is recommended that the Audit and Governance Committee approves amendments to the terms of reference of the Local Firefighters' Pension Board.

Reason for the recommendations:

The Audit and Governance Committee must be aware of all operations of the Local Firefighters' Pension Board. The Scheme Manager has delegated its statutory functions in regard to Local Firefighters' Pension Board to the Audit and Governance Committee. These include approval of amendments to the terms of reference of the Local Firefighters' Pension Board.

### Introduction:

1. The changes introduced by the Public Service Pensions Act 2013 Act are aimed at achieving a more coherent and consistent system to provide assurance that benefits are paid, contributions are received and the Pensions Regulator Code of Practice 14 is followed in accordance within the law and subject to good practice. The creation of a new Firefighters' Local Pension Board was achieved at a meeting of full Council on 17 March 2015.

### Implementation of the Local Firefighters' Pension Board

2. The terms of reference of the Local Firefighters' Pension Board were approved at the meeting of full Council on 17 March 2015. The terms of reference of the Local Firefighters' Pension Board included an Appointment and Termination Process for Local Firefighters' Pension Board members.

3. The appointment of the Local Firefighters' Pension Board members was carried out by the Appointment/Termination Panel on 20 August 2015.
4. The make-up of the Local Firefighters' Pension Board is:
  - Two x Employer representatives:  
Cllr Nick Harrison  
Matthew Baker
  - Two x Employee representatives:  
Richard Jones  
Glyn Parry-Jones
  - One x independent representatives.

It was agreed that no initial appointments be made and that the future requirement for independent representatives of the Local Firefighters' Pension Board to be assessed by the newly formed Local Firefighters' Pension Board.

#### **Amendments to the Local Firefighters' Pension Board Terms of Reference**

5. It is proposed to amend the Local Firefighters' Pension Board to provide operational consistency with the Surrey Pension Fund Local Pension Board.
6. Revisions to the terms of reference clarifies the appointment process and the Chairman's voting rights (paragraphs 4 – 5.4) and consistency in reference terminology of the Local Firefighters' Pension Board.
7. It is recommended that the Audit and Governance Committee approves all amendments as noted and confirmed in paragraph 20.3 of version 2 of the Terms of Reference.

#### **Conclusions:**

##### **Financial and value for money implications**

8. The costs of running the new Local Firefighters' Pension Board will be borne by the Scheme Manager, as prescribed by the Regulations.

##### **Equalities and Diversity Implications**

9. There are no equalities or diversity implications associated with this report.

##### **Risk Management Implications**

10. There are no risk related issues.

**Next steps:**

11. The following next steps are planned:

- Officers will work with members of the Local Firefighters' Pension Board to establish a date for the inaugural meeting of the Local Firefighters' Pension Board.

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**Contact Officer:**

Neil Mason, Senior Advisor

**Consulted:**

The Director of Finance has been consulted on the report.

**Annexes:**

Annex 1: The Local Firefighters' Pension Board Terms of Reference (version 2 – marked copy)

**Sources/background papers:**

None

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# THE SURREY LOCAL FIREFIGHTERS' PENSION BOARD

## TERMS OF REFERENCE



### Surrey Local Firefighters' Pension Board

#### Membership: Total five

Two employee representatives

Two employer representatives

The Local Firefighters' Pension Board may also contain one other member

#### Terms of Reference

##### 1. Introduction

- 1.1 This document sets out the terms of reference of the Local Firefighters' Pension Board of Surrey County Council (the 'Fire and Rescue Authority'), a scheme manager as defined under Section 4 of the Public Service Act 2013.
- 1.2 The Local Firefighters' Pension Board is established in accordance with Section 5 of that Act and under draft Regulation 4A of the Firefighters' Pension Scheme (England) Regulations 2014 (as amended).

##### 2. Role of the Local Firefighters' Pension Board

- 2.1 The role of the Local Firefighters' Pension Board, as defined in the draft Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:

(a) to secure compliance with:

- (i) the scheme regulations;
- (ii) any other legislation relating to the governance and administration of the Firefighters' Pension Scheme and any connected scheme;
- (iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme.

(b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme.

- 2.2 The Local Firefighters' Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Local Firefighters' Pension Board will also help ensure that the Firefighters' Pension Scheme is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

- 2.4 The Local Firefighters' Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.
- 2.5 The Local Firefighters' Pension Board should always act within its terms of reference.

### **3. Establishment of the Local Firefighters' Pension Board**

- 3.1 The Local Firefighters' Pension Board is established on 1 April 2015 subsequent to approval by Surrey County Council on 17 March 2015.

### **4. Appointment of members of the Local Firefighters' Pension Board and voting rights of Local Firefighters' Pension Board members**

- 4.1 The composition of the members of the Local Firefighters' Pension Board is as follows:

The Local Firefighters' Pension Board shall consist of at least four members and may contain up to five members. It shall be constituted as follows:

- i) Two employer representatives;
  - ii) Two scheme member (employee) representatives;
  - iii) The Local Firefighters' Pension Board may also contain one independent member.
- 4.2 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Firefighters' Pension Board's membership.
- 4.3 No officer or elected member of the Fire and Rescue Authority who is responsible for the discharge of any Scheme Manager functions of the Fire and Rescue Authority under the Regulations may serve as a member of the Local Firefighters' Pension Board.
- 4.4 Each Local Firefighters' Pension Board member so appointed shall serve for the life of the current Surrey County Council, a defined, fixed period which can be extended for further periods subject to re-nomination.
- 4.5 Each Local Firefighters' Pension Board member should endeavour to attend all Board meetings during the year. No substitutes will be permitted to attend on behalf of absent Local Firefighters' Pension Board members.
- 4.7 Each Local Firefighters' Pension Board member should participate in training when required.
- 4.8 Members of the Local Firefighters' Pension Board shall be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.



- 4.9 The Appointment Panel shall be made up of the following:
- the Chairman of People, Performance and Development Committee;
  - the Strategic Finance Manager (Pension Fund and Treasury);
  - the Director of Finance (or her nominee);
  - the Director of Legal and Democratic Services (or her nominee);
  - the Chief Fire Officer (or his nominee).
- 4.10 Each employer representative and member representative of the Local Firefighters' Pension Board will have an individual vote on any matter needing a decision. The independent member of the Local Firefighters' Pension Board does not have voting rights. It is expected that the Local Firefighters' Pension Board will, as far as possible, reach a consensus. If a consensus is not reached the Chairman shall have a casting vote in addition to any vote he may have already cast.
- 5. Appointment and duties of the Chairman and Vice Chairman of the Local Firefighters' Pension Board**
- 5.1 A Chairman and Vice Chairman of the Local Pension Board to be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.
- 5.2 It will be the role of the Chairman of the Local Firefighters' Pension Board to ensure that all members of the Local Firefighters' Pension Board show due respect for process, that all views are fully heard and considered, and to determine when consensus has been met.
- 5.3 The full responsibilities of the Chairman of the Local Firefighters' Pension Board are contained in the Chairman of the Local Firefighters' Pension Board description.
- 5.4 The Vice Chairman shall undertake the duties of the Chairman in the event of the Chairman's absence.
- 6. Notifications of appointments to the Local Firefighters' Pension Board**
- 6.1 When appointments to the Local Firefighters' Pension Board have been made, the Scheme Manager shall publish the name of the Local Firefighters' Pension Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Local Firefighters' Pension Board.
- 7. Termination of membership of the Local Firefighters' Pension Board**
- 7.1 Any termination of membership of the Local Firefighters' Pension Board will be in accordance with the **Appointment and Termination Process**.

- 7.2 Membership of the Local Firefighters' Pension Board may be terminated due to:
- i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member of the Fund;
  - ii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
  - iii) a Local Firefighters' Pension Board member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings or to participate in required training or otherwise to carry out the requirements of the role appropriately;
  - iv) a Local Firefighters' Pension Board member having a conflict of interest which cannot be managed in accordance with the Local Pension Boards **Code of Conduct and Conflict of Interests Policy**;
  - v) a Local Firefighters' Pension Board member becomes responsible for the discharge of any function of the Scheme Manager under the Regulations;
  - vi) the Scheme Manager may at its discretion terminate the membership of a Local Firefighters' Pension Board member if it believes that it appropriate and is consistent with the role of the Local Firefighters' Pension Board to do so.

## 8. Conflict of Interests

- 8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest policy** which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by. Members of the Local Firefighters' Pension Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

## 9. Knowledge and Skills

- 9.1 In accordance with section 248A of the Pensions Act 2004 ("the 2004 Act"), every individual who is a member of a Local Firefighters' Pension Board must be conversant with:
- i) the regulations governing the FFPS; and
  - ii) any document or policy about the administration of the Fund.
- 9.2 Local Firefighters' Pension Board members should also have a knowledge and understanding of:
- i) the law relating to pensions; and
  - ii) such other matters as may be prescribed.
- 9.3 Local Firefighters' Pension Board shall adhere to the Scheme Manager's **Attendance and Knowledge and Understanding Policy** to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.
- 9.4 It is for individual Local Firefighters' Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.

- 9.5 In line with this requirement Local Firefighters' Pension Board, members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Firefighters' Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Local Firefighters' Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Local Pension Board members will comply with the Scheme Manager's **Attendance and Knowledge and Understanding Policy**.
- 10. Local Firefighters' Pension Board Meetings: Notice and Public Access to Pension Board Meetings and Information**
- 10.1 There will be a sufficient number of meetings to enable the Local Firefighters' Pension Board to discharge its functions effectively, as decided by the Chairman of the Local Firefighters' Pension Board with the consent of the Local Firefighters' Pension Board members, and at least one Local Firefighters' Pension Board meetings a year.
- 10.2 The Scheme Manager shall give notice to all Local Firefighters' Pension Board members of every meeting of the Local Pension Board, which will be held in public (apart from confidential matters). All members will normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 10.3 Any meeting of the Local Firefighters' Pension Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially
- 10.4 The Scheme Manager shall ensure that a formal record of Local Firefighters' Pension Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Local Firefighters' Pension Board, they shall be circulated to all members.
- 10.5 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 10.6 The Local Firefighters' Pension Board may exclude items in agenda, reports and minutes on the grounds that disclosure would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it is deemed confidential for the purpose of Section 100A(2) of that Act and/or it represents data covered by the Data Protection Act 1998.

- 10.7 In accordance with the Public Service Pensions Act 2013, the Scheme Manager shall publish information about the Local Firefighters' Pension Board to include:
- i) the names of the Local Firefighters' Pension Board members and their contact details;
  - ii) the representatives of employers and members of the Local Firefighters' Pension Board;
  - iii) the role of the Local Firefighters' Pension Board;
  - iv) the Terms of Reference.

## **11. Quorum**

- 11.1 The Local Firefighters' Pension Board shall have a quorum of no fewer than two members which should always include the Chairman or the Vice Chairman, at least one employer representative and at least one member representative.

## **12. Local Firefighters' Pension Board Costs and Budget**

- 12.1 The Local Firefighters' Pension Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Local Firefighters' Pension Board will be met from the Scheme Manager.
- 12.2 The Local Firefighters' Pension Board will seek approval from the Strategic Finance Manager, Pension Fund and Treasury for any expenditure it wishes to make.

## **13. Core functions of the Local Firefighters' Pension Board**

- 13.1 The first core function of the Local Firefighters' Pension Board is to assist the Scheme Manager in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme.
- 13.2 The second core function of the Local Firefighters' Pension Board is to ensure the effective and efficient governance and administration of the Scheme.
- 13.3 In support of its core functions the Local Firefighters' Pension Board may request information from the Scheme Manager with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 13.4 The Local Firefighters' Pension Board may make recommendations to the Scheme Manager. This recommendations should be given due consideration and a response made to the Local Firefighters' Pension Board within a reasonable period of time.

## **14. Reporting arrangements**

- 14.1 The Local Firefighters' Pension Board should report to the Scheme Manager in the first instance.
- 14.2 On receipt of a report from the Local Firefighters' Pension Board the Scheme Manager should consider and respond to the Local Firefighters' Pension Board within a reasonable period of time.

- 14.3 Where the Local Firefighters' Pension Board is satisfied that there has been a breach of regulation which is reported to the Scheme Manager and is not been rectified within a reasonable period of time the Local Firefighters' Pension Board has a duty to escalate this perceived breach
- 14.4 The appropriate internal route for escalation is the Strategic Finance Manager, Pension Fund and Treasury.
- 14.5 The Local Firefighters' Pension Board may report concerns to the FFPS Scheme Advisory Board subsequent to the internal route for escalation.
- 14.6 Local Firefighters' Pension Board members are subject to the requirement to report breaches of law to the Pensions Regulator under the Act and the Code and the whistle blowing policy of the Administering Authority

## **15. Local Firefighters' Pension Board Review Process**

- 15.1 The Local Firefighters' Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Local Firefighters' Pension Board's performance.

## **16. Advisors to the Local Firefighters' Pension Board**

- 16.1 The Local Firefighters' Pension Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Local Firefighters' Pension Board and on such terms as it shall see fit to help better perform its duties including:
- i) any Governance Adviser;
  - ii) the Scheme Manager;
  - iii) other advisors as approved by the Scheme Manager.
- 16.2 The Local Firefighters' Pension Board shall ensure that the performances of the advisors so appointed are reviewed on a regular basis.

## **17. Code of Conduct**

- 17.1 The Scheme Manager will approve a Code of Conduct and Conflict of Interest policy which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by.

## **18. Data Protection and Freedom of Information**

- 18.1 The Local Firefighters' Pension Board and its members will need to comply with the Scheme Manager's Data Protection and Freedom of Information Policy.

## **19. Accountability**

- 19.1 The Local Firefighters' Pension Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

**20. Acceptance and Review of Terms of Reference**

- 20.1 These Terms of Reference will be reviewed on each amendment to those parts of the Regulations covering Local Firefighters' Pension Board.
- 20.2 The Terms of Reference was adopted on 17 March 2015.
- 20.3 Version 2 of the Terms of Reference was adopted on 28 September 2015