



LONDON FIRE BRIGADE

LFC-23-049

Local Pension Board Annual Report 2022/23

Report to:**Date:**

Investment & Finance Board.....	29 March 2023
Local Pension Board.....	24 April 2023
Commissioner's Board.....	17 May 2023
Deputy Mayor's Fire and Resilience Board.....	27 June 2023
Audit Committee.....	5 September 2023
London Fire Commissioner.....	

Report by:

Adrian Bloomfield, Assistant Director Finance.

Report classification:

For information

For publication

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

This Annual Report covers the activities of the LFC's Firefighters Pension Schemes Local Pension Board (the Board) for the year to 31 March 2023

Recommended decision

That the Board notes the report

1 Introduction and background

- 1.1 The Public Service Pensions Act 2013 (the Act) introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The Act included the requirement for a Local Pension Board (LPB) to be established by each responsible Authority.
- 1.2 Following the abolition of the London Fire and Emergency Planning Authority and the establishment of the new governance structure, the London Fire Commissioner (LFC) approved the creation of a new Local Pension Board in 2018 in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013.
- 1.3 The purpose of the Board is to assist the LFC in its role as the Scheme Manager of the Firefighters' Pension Schemes: 1992, 2006 and 2015. Such assistance is to:
 - Secure compliance with the Schemes' regulations, any other legislation relating to the governance and administration of the Schemes, and requirements imposed by the Pensions Regulator in relation to the Schemes; and
 - Ensure the effective and efficient governance and administration of the Schemes.
- 1.4 The LFC is the Scheme Manager for the firefighters' pension schemes, which is a role defined by the Act. The management of some specific responsibilities for Stage 1 Internal Dispute Resolution Procedures (IDRP) and scheme discretions are delegated to the Assistant Director Finance and the Assistant Director People Services respectively, as set out in the Scheme of Governance. The management of the day-to-day responsibilities of the Scheme Manager are now delegated to the Director of Corporate Services. This report serves to communicate to the LFC and the Deputy Mayor for Fire and Resilience the activities of the Board during the financial year 2022/23.

Constitution

- 1.5 A constitution for the Local Pension Board was approved by the LFC at the time that the Board

was created and was reviewed and updated in 2019.

Format of meetings

- 1.6 The Board holds four meetings per year in line with The Pensions Regulator's guidance.
- 1.7 Board members are required to declare any potential conflicts of interest to the Scheme Manager on appointment and at any such time as their circumstances change, in line with the Board's Conflicts of Interest Policy.
- 1.8 Board members are asked to inform the Scheme Manager of any reported breaches of the law.
- 1.9 Minutes are taken at all meetings.

Board membership

- 1.10 As set out in the constitution, there is an equal number of employer and employee representatives on the Board (4 of each), with nominated substitute members who are able to act as Board members in the absence of one of the full members. A report (FP1458) was prepared for the LFC to consider an amendment to the Terms of Reference of the LPB. This proposed reducing the employer's and employees' side from 5 to 4 each, making a total of 8 Board Members. The above amendments meant that the existing quorum provision for meetings was reduced to (at least) 2 on each side rather than 3 on each side as at present. This reduced the likelihood of meetings being inquorate and will therefore increase the effectiveness of the LPB.
- 1.11 The Chair of the Board is rotated on an annual basis between the employer and employee members. The Chair for 2022/23 was Charlie Pugsley, Assistant Commissioner, Fire Safety (Prevention & Protection).
- 1.12 The Vice-Chair of the Board is also rotated on an annual basis between the employer and employee members. The Vice-Chair for 2022/23 Gareth Beeton, Regional Chair, FBU (Vice-Chair).
- 1.13 Following The Pensions Regulator Relationship Review of the LFC's Firefighters' Pension Scheme LFC has agreed a decision to establish an Independent Chair for the Local Pensions Board.

Training

- 1.14 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes. This Code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member.
- 1.15 There have been a number of training sessions delivered to the Board, including training/familiarisation presented by the London Fire Commissioner's pension administrator. Topics covered included pension increase and pensionable pay. Board Members were also given the opportunity to attend the annual LGA Fire Pensions Conference. In addition, the LGA organised a number of fire pension events during the year that the Board were invited to attend. There is also online training available on the Pensions Regulator's website which members of the Board are encouraged to complete.

Board activity

- 1.16 Since the new Board was set up in 2018, the work of the Board has been shaped by the Board members and by officers supporting the Board and is influenced by any requirements from The Pension Regulator, the Home Office, the Scheme Advisory Board or the LGA Bluelight Pensions Team.
- 1.17 Some regular reports to the Board have been developed and these are set out below.
- 1.18 The regular Update Report provides the Board with the latest information on areas of significant pension work and includes both local and national issues. As well as enhancing the

knowledge and understanding of Board members, this regular report serves to prompt discussion by the Board about the impact of issues for pension scheme members and about how work is being managed. This helps to achieve the Board's purpose of securing effective governance and administration.

1.19 The Provision of Information report contains details about the firefighters' pension schemes within LFB. This includes statistical data and provides range of scheme membership information and analysis of trends.

1.20 Other areas which have been discussed at Board meetings include:

- Employer discretions under the firefighter pension schemes.
- Ill Health retirements
- Annual Benefits Statements
- Annual allowance and lifetime allowances
- Member self service including potential concerns (from members) about the new Portal/LPPA performance
- The Pensions Regulator including Relationship Supervision of the FPS
- Communications
- Breaches of the law
- Pensions data including the transfer of LFC data to a new pension administration system by the LPPA
- Risk register
- Transitional arrangements for the 2015 FPS, the McCloud/Sargeant remedy and immediate detriment issues
- Fire pension administration – both performance and future work plans

1.21 The Board also continued with two working groups to review and report to the Board, with findings and recommendations, on the following areas:

- A LPB Communications Working Group was set up with the aim to look at improving internal LFB communications on pensions to members.
- An Equalities Working Group was set up to help the Board better understand some of the underlying reasons why higher numbers of women and BAME staff don't enrol and /or opt out of the firefighters' pension schemes. This group is working with LFB Equality Support Groups with the aim to obtain an improved understanding to assist messaging to better communicate the benefits of the pension scheme to these groups.

1.22 The Board has worked well employing a collaborative approach between the employee and employer representatives to understand, consider and address issues raised.

1.23 The Board continues to be supported by standing advisors from Finance, People Services and General Counsel's Department. The LFC's appointed pensions administrator, the Local Pensions Partnership Administration (LPPA), also attends and presents at all Board meetings.

1.24 The Board will continue to ensure that good practice is maintained, and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pension Regulator (TPR).

1.25 The LFC was selected by TPR for Relationship Supervision. This is the ongoing supervision of schemes that are of strategic importance to TPR and helps them build strong, open, and transparent relationships with pension schemes to better understand their circumstances and the specific challenges they face. Supervision activities were paused by TPR due to the pandemic but have restarted and the Board and officers will work in collaboration with TPR to seek to improve the LFC's firefighters pension schemes.

TPR Relationship Supervision - August 2022

- 1.26** TPR had resumed their supervision engagement for the LFC Firefighters' Pension Scheme (FPS) to allow TPR to get a better understanding of how the scheme operates.
- 1.27** The Relationship Supervision process required LFC to provide a substantial amount of scheme documentation for review by TPR. This was followed by a series of evaluation meetings, to enable TPR to understand how the scheme operates in practice and help provide more context.
- 1.28** Officers provided the required documentation and attended the meetings which covered management, governance, systems and processes for the LFC FPS.
- 1.29** TPR reviewed and considered all their findings and prepared a report and recommendations for LFC to action. There was a separate report to the Pension Board to consider an independent Chair. The report recommendations were approved by the Commissioner and the independent Chair recruitment process will commence in April'23.
- 1.30** On the 28th of February, the officers met with TPR representatives to discuss the progress of actions taken as a result of supervision recommendations. TPR representatives agreed that LFB has taken necessary actions to follow the industry 'good practice' guidance and were pleased with the achieved progress to implement required actions. Next meeting with TPR is scheduled on 25th of May'23.
- 1.31** A work plan has also been prepared for the coming year, and this includes areas identified through regular reporting as well as to address coming changes and significant events.

2 Objectives and expected outcomes

- 2.1** That the Board note this report

3. Equality comments

- 3.1** The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2** It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3** The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4** The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
 - eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5** Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

3.8 An Equality Impact Assessment (EIA) found outline neutral impacts identified and steps taken to mitigate these.

4 Other considerations

Workforce comments

4.1 Staff side are represented on the Local Pension Board and so will have an opportunity to comment on this report at the LPB meeting on 24 April 2023.

Sustainability comments

4.2 This report does not produce any environmental or sustainability implications.

Procurement comments

4.3 There are no procurement implications for this report.

Communications comments

4.5 There are no communication implications for this report.

5. Financial comments

5.1 The report is by the Assistant Director of Finance and comments are incorporated in the body of the report. The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far as part of the LFC's subscription to the LGA. If Board members have to travel to attend training events this cost is contained within existing budgets.

5.2 The LFC continues to pay a levy to the Scheme Advisory Board (SAB) and this will cover the cost of the national fire pensions technical advisor posts and support the work of the SAB. The aim of the SAB in setting this levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost to LFC in 2022/23 is £28,252.62, which is lower than the previous year and this has been provided for within the revenue budget.

6. Legal comments

6.1 This report sets out the Annual Report covering the activities of the LFC's Firefighters Pension

Schemes Local Pension Board (the Board) for the year to 31 March 2023 is for information only, therefore no direct legal implications arise.

- 6.2** The Local Pension Board was established under the Firefighters Pension Scheme (Amendment) (Governance) Regulations 2015. The Public Service Pensions Act 2013 introduces the framework for the governance and administration of public service schemes and provides an extended regulatory oversight by the Pension Regulator.
- 6.3** The Pension Regulator's Code of Practice No. 14 (Governance and administration of public service pension schemes) sets out the legal requirements for public service pension schemes as well as the standards of conduct and practice of the Local Pension Board. The information within this report is in accordance with the legislation and associated Code of Practice.

List of appendices

Appendix	Title	Open or confidential*
1	None	

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: YES/NO*

Originating officer declaration

Reporting officer to confirm the following by using 'x' in the box:

Reporting officer

Kat Pilarska has drafted this report and confirms the following:

1. Assistant Director/Head of Service

Adrian Bloomfield has reviewed the documentation and is satisfied for it to be referred to Board for consideration

2. Advice

The Finance and Legal teams have commented on this proposal:

Yvette McEntee Legal Advisor, on behalf of General Counsel (Head of Law and Monitoring Officer).

Adrian Bloomfield Financial Advisor, on behalf of the Chief Finance Officer.