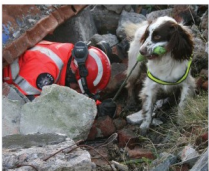
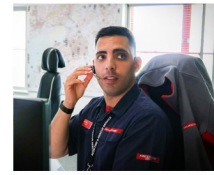




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Annual Report of the Local Pension Board 2021-2022

PREVENTING PROTECTING RESPONDING

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Introduction

Welcome to the second formal Annual Report of the Avon Fire Authority Local Pension Board (LPB).

In accordance with Section 5 and s.30 (1) of the Public Service Pensions Act 2013 and Regulation 4A of the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, the Avon Fire Authority LPB was established in July 2015 to provide advice on the effective and efficient administration and management of the various firefighter pension schemes. Full details of the purpose of the Local Pension Board are available in the Avon Fire Authority Constitution accessible at:

[Document Avon Fire Authority Constitution 2022 - Modern Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

The purpose of this Annual report is to provide a source of information about the work of the LPB for members of the Firefighter Pension Schemes, the Fire Authority as the Scheme Manager, and any other interested parties. This report is also accessible to the public by way of publication on the Avon Fire Authority website.

The Local Government Pension Scheme for corporate staff has separate and different governance and monitoring arrangements and does not form part of this Annual Report.

While it is not a decision-making body, the LPB has an important function to assist Avon Fire Authority in its role as Scheme Manager. Such assistance helps secure compliance with the regulations and the effective governance and administration of the Scheme.

The Report includes information and commentary on the work of the LPB during the year 2021-22 including:

- Membership and meetings of the Board
- Any conflicts of interest and how these were managed
- A summary of the work undertaken by the LPB during 2021 – 22
- Legislative updates considered by the Board
- Identified key risks and areas of potential concern
- Scrutiny and review
- Training for Board members
- Any expenses and costs incurred by the Board
- Gifts and hospitality received by members of the Board
- Forward Work Plan for 2022-23

As Chair, I am pleased to see the appointment of an internal pension's adviser role during the year as I believe this additional specialist resource has become essential due to the current legislative complexity and other regulatory developments on the horizon. Furthermore, the Firefighters Schemes are an important and valued part of remuneration package and therefore the role provides significant additional support to

scheme members on pensions generally and at key times in their career from joining, to retiring and, where needed, during times of ill health and medical retirement.

In respect of the McCloud-Sargeant case, I note the differing challenges caused to the Authority and scheme members by the significant delays in the Government implementing the necessary legislative remedies. One of the key roles of the Board is to help the Authority, as Scheme Manager, to achieve compliance with relevant pensions legislation which is not possible to do in its entirety whilst the legislative remedy remains outstanding.

In terms of the Board's supporting role within this context, officers have provided the Board with updates and draft proposals at its respective meetings during 2021-2022 and, as Chair, I have also helped provide opinion to key officers between meetings and to Authority members at Avon Fire Authority meetings. Due to the ever-changing nature of this matter during the year, certain decisions have needed to be made at speed and outside of the Board's normal meeting cycle, although the Board has been kept abreast of all developments and has had the opportunity to voice its opinion on key decisions. The Board was also tasked with overseeing the processing arrangements for immediate detriment cases being taken forward by the working group and have received papers to assist in this scrutiny role.

The challenges resulting from the McCloud-Sargeant legal case remain very complex, but it is expected that final legislation will be in place during 2023, which will allow a much clearer way forward and for all existing issues to be resolved.

Finally, I would also like to thank Cllr Windows, as the outgoing Chair, and to thank him for his service to the Board and I look forward to welcoming the new employer representatives.



Andy Cunningham
Chair of LPB

Membership and meetings of the Local Pension Board

For the year 2021-22 The Avon Fire Authority Local Pension Board comprised of four, and then, five members as follows:

An Independent Chair – Andy Cunningham. The introduction of an independent chair is a new development for the Board and this post has been active since November 2021, but with the first meeting under this new approach taking place in in February 2022. Prior to this meeting, the Chair role was always performed by one of the Employer Representatives.

Two Scheme Manager/Employer representatives - Councillor Chris Windows (Chair up to and including the 03 September 2021 meeting – noting the August 2021 meeting was adjourned and rescheduled to this date) and Councillor Andrew Brown. Should an Employer Representative be unable to attend, two substitute members are available: Cllr Eddy and Cllr Mohamud.

Two Scheme Member representatives – Gary Spindler (FBU) and Steven McGreavy (FBU). Gary Spindler (FBU) stood down as a scheme member representative following the August/September 2021 meeting and he was replaced by Mark Jacobson at the February 2022 meeting. The LPB thanked Gary for his contribution to the Board.

The two Scheme Member and two Employer representatives are all voting roles while the independent chair position is a non-voting role.

The Board met on two occasions in 2021 – 2022 (03 September 2021 and 25 February 2022). There was an attendance of 100% by Scheme Manager and Scheme Member representatives during this period.

While not members of the Board, the LPB is also regularly attended by the Authority's Pension Administrators (BANES), the Director of Corporate Services and members of the Human Resources, the internal pension adviser and Finance teams who present reports and papers, provide information and professional advice, and respond to questions posed by the LPB in their scrutiny role. The Board may also request information from the Chief Fire Officer.

Conflicts of Interest

As statutorily required, all members of the Local Pension Board must declare on appointment, and at such a time as their circumstances change, any potential conflict of interest because of their position on the Board. Board members must also declare any potential interest in the items to be discussed at the start of each Board meeting. A register of conflict of interests is maintained by the Avon Fire Authority Democratic Services Officer. The Clerk reviewed their Declarations in the preparation of this report.

However, the Public Services Pensions Act 2013 clarifies that a conflict does not arise solely by virtue of membership of the scheme or any connected scheme but ‘means a financial or other interest likely to prejudice the person’s exercise of functions as a member of the Board’.

During 2021-22 the following declarations were made by a member, adviser, or attendee at any meeting of the Board during the relevant period:

August 2021 - Gary Spindler declared an interest as an individual affected by “immediate detriment”.

Work undertaken by the Avon Fire Authority Local Pension Board during 2021-2022

The work undertaken by the Board during the year has been in accordance with the extant Terms of Reference, standing agenda items and defined within the LPB work programme.

During the period 1 April 2021 – 31 March 2022 the following work was carried out by officers and considered by the LPB with recommendations then made to, and approved by, the Fire Authority as the Scheme Manager:

- a) An addition to the Voluntary Scheme Pay policy (in relation to the tax rules pertaining to Annual Allowance). The proposed amendment provided warnings to members about possible charges if the member made their election late.
- b) The production and approval of the 2020-2021 Local Pension Board Annual Report.
- c) An amendment to the immediate detriment policy to include members who were entitled to pension contribution holidays.

The Board also gave its opinion, and (where relevant) recommendation, to the Scheme Manager on matters pertaining to Immediate Detriment, in particular (in February 2022) whether the Authority should be asked to reconsider the adoption of a Framework developed by the Local Government Association (LGA) and Fire Brigades Union in respect of Immediate Detriment processing.

In addition, the Board:

- Considered the processes in place to administer immediate detriment cases in accordance with the decisions made by the Scheme Manager.
- Agreed for the Pledge and guidance to avoid pension scams to be further publicised to scheme members through the Authority’s website, intranet, and social media.
- Approved the draft Avon Fire Authority Local Pension Board Knowledge and Understanding Policy including its Annex (Training analysis and expectations).

- Approved the appointment of an Independent Local Pension Board chair (including the job description and person specification).

As a statutory requirement, members of the LPB have been provided with regular legislative and guidance updates including:

- McCloud/Sargeant judgement: Including the position of non-statutory guidance (and its later withdrawal)
- Cost cap mechanism.
- Revisions to the production of transfer Values: The regulations introduce further legal restrictions on a member's statutory right to transfer.
- The introduction of the Pension Dashboard
- Equalising GMPs and their impact on past transfer values
- Special Members of FPS 2006: Second Options Exercise (Matthew case)
- The introduction of a new tPR (the Pension Regulator) Single Code of Practice

Members are required to scrutinise areas relevant to the administration of the Firefighters' Pension Schemes. The Board receives information and scrutinises performance in respect of:

- Annual benefit statement production (by the statutory deadline)
- Administrative Key Performance Indicators
- Performance against the Pension Regulator Common Data score (with the conditional score to be available in the future).
- Pension Risk Register.
- Administrators' audit reports (at an overview level)
- The issuance of Pension Savings Statements (by the statutory deadline).
- Completion of the Pension Regulator Scheme Return (a statutory requirement).

As well as any: discretions made by the Scheme Manager, or delegate, IDRPs stage 1 and 2 complaint cases or regulatory breaches.

No breaches of law were reported to the Board during 2021-2022.

Identified Risks and areas of concern

The Board maintain, consider, and scrutinise a risk register specifically looking at firefighter pension scheme risks in respect of governance, scrutiny, and controls. Risks are given a Red, Amber, or Green rating based on a combined assessment of their likelihood and impact. This specific LPB risk register feeds into the overarching Avon Fire and Rescue Service Corporate Risk Register (CRR). The CRR is also scrutinised by the Audit, Governance and Ethics Committee.

Based on the risk scoring agreed by LPB, and the papers presented to the LPB in February 2022, the top risk considered by the Board during 2021-22 is as follows, together the controls and mitigations in place and planned:

<p>LPB 13 – McCloud judgement (Age Discrimination Remedy Deferred choice underpin), Immediate Detriment (ID) and underpinning tax complexities. Risk of failure to comply with all legislation.</p>	<p>The risk increased due to challenges of meeting conflicting legislation, and when legislation remains pending.</p> <p>The controls stated within the risk register attempt to limit the risk included consideration of increasing the frequency of LPB meetings, using internal audit to review the process of immediate detriment cases.</p> <p>Other mitigations which occurred were seeking advice from a QC, the LGA, PSTax and other Fire Authorities and as well as considering the guidance from Her Majesty’s Treasury (HMT) and the Home Office (HO)</p>
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As discussed in the Chair’s forward, this risk is likely to remain high until remedying legislation comes into effect.

Training

It is a statutory requirement of the Public Service Pensions Act 2013 that members of the Local Pension Board should have the capacity to become conversant with, and develop knowledge of, detailed related issues to effectively carry out their duties in respect of the firefighter pension schemes.

The following information has been provided to Local Pension Board members during the year 2021-22.

- A Regulatory and Legislative Update at each LPB meeting including key headlines from bulletins from LGA Pension Advisory Service
- Access to the bulletins from the LGA Pension Advisory Service
- Through the standing items on the Local Pension Board agendas, further legislative updates have been provided including consideration of relevant Pension Ombudsman cases. The summaries provided and Ombudsman decisions serve as a learning tool for LPB members to enhance and update their knowledge.

In addition, all LPB Members have committed to ensure they have completed, and/or refreshed themselves, on the TPR’s on-line learning programme called the Public Service toolkit. This toolkit comprises five core modules, but also a module setting out what steps the industry needs to take to protect savers from scammers. Following its

cessation during the pandemic, the LGA National training programme has resumed, and this training will be arranged for members in due course. This update / refresher training includes the following topics: recent scheme news; a background to the Firefighters' Pension Schemes; management of the pension schemes; scheme manager and Local Pension Board roles; six key principles of good governance and admin (based on TPR six key processes) and wider landscape

Expenses and Costs

Generic information on Members allowances can be found on Avon Fire Authority website through the following link.

[Document Member Allowances 2021-22 - Modern Council \(modern.gov.co.uk\)](https://modern.gov.co.uk/document/member-allowances-2021-22)

As indicated in the forward plan for 2021-2022, during the year the Authority appointed an independent, specialist Chair. This appointment has created an additional cost, but it was considered prudent in view of the increasing complexity of the firefighter pension schemes and the technical nature of current issues (for example immediate detriment).

The in-house pension adviser is within the baseline revenue budget of the Service approved by the Authority as part of the Medium-Term Financial Plan (MTFP).

Gifts and Hospitality

There have been no declarations of gifts or hospitality received by Members of the Local Pension Board during the relevant period. Information about gifts and hospitality can be found on our website at:

[Library folder - Gifts and Hospitality - Modern Council \(modern.gov.co.uk\)](https://modern.gov.co.uk/library/gifts-and-hospitality)

Forward Work Plan for 2022

The forward plan is considered by the LPB at each meeting. The information below records the formal plan considered and agreed by the LPB at their last meeting in February 2022. The red highlighting on this forward plan indicates the tasking which has been delayed due to the high workload associated with immediate detriment.

The latest copy of the forward plan for LPB is published with the papers of each LPB meeting on the Authority's website at:

[Browse meetings - Local Pension Board - Modern Council \(modern.gov.co.uk\)](http://modern.gov.co.uk)

Routine Reports to LPB

Subject	Action Owner	Feb 22	July 22	Comments
Conflict of Interest Declaration	Local Pensions Board	X	X	Standing agenda item
Regulatory and Legislative Update	BANES	X	X	Standing agenda item
Scheme Administrator Report including KPIs.	BANES	X	X	Standing agenda item
Scrutiny and Review Report including Breaches	Director of Corporate Services (DoCS)	X	X	Standing agenda item
Risk Register	DoCS	X	X	
Training, Learning & Development – Update	DoCS	X	X	Standing agenda item
Fraud notifications	DoCS and BANES	X	X	If and when they occur
Work Programme	DoCS	X	X	Standing agenda item

Specific Work Programme for 2022/23

Subject	Action Owner	February 22	July 22	Comments
Annual Report	Local Pension Board and Scheme Manager		X	Complete for year 20/21. Draft report for 21/22 scheduled for July 22.
Terms of Reference – annual review	Local Pension Board	X	X	Reviewed in 2020. Annual review moved from Feb to July 22 meeting.
National Scheme Advisory Board – Update	DoCS BANES	X	X	Rescheduled from Feb to July 22 meeting.
Pledge to Protect Scheme Members from pension scams	BANES			Complete. Remove from 22/23 plan.
FPS benchmark exercise	DoCS and BANES	X	X	Benchmarking discussion in report item 12 to the February LPB regarding ID. Further general discussions with LPB how our individual results compare with the national picture added to July 22.

Subject	Action Owner	February 22	July 22	Comments
Review of VSP application of Scheme Manager decision to adopt and the minimum trigger agreed ref personal tax liability	Scheme Manager			Complete. Remove from 22/23 plan.
Implications of age discrimination case	DoCS	X	X	August 21 report completed, and further reports scheduled for Feb and July 22 meetings.
Consideration of independent, specialist LPB Chair	Clerk			Complete. Remove from 22/23 plan.
Authority's IDRP procedure	DoCS	X	X	Clarification of Authority procedure following revised TPR factsheet and current Constitution with recommendation to AFA. Delayed due to Pension Advisor vacancy.
Review of FPS statutory discretions and decision-making process	DoCS	X	X	Authority has agreed which statutory FFPS discretions they will consider. LPB to consider proposal for updating and clarification of decision-making process with a recommendation to AFA. Delayed due to Pension Advisor vacancy

Subject	Action Owner	Feb 22	July 22	Comments
Confirmation of Authority's scheme manager and the delegations for day to day running	DoCS	X	X	Delayed due to Pension Advisor vacancy and ID workloads.
Full review of pension risk register and scoring to ensure the relevant risks and current controls and mitigations are accurately reflected. Revised register should align with updated Corporate Risk Management Strategy and example risk register published by TPR.	DoCS	X	X	Corporate Risk Management Strategy being reviewed by AGEC and refresher training to be provided to Members and all relevant staff. Delayed for AGEC and all staff due to the purchase of a new system which will also form part of the training.
LPB review of business continuity arrangements	DoCS BANES Bristol City Council	X	X	Links to control measure in the risk register. Delayed due to ID workloads.

Any other matters to report

None