

**Hampshire Fire and Rescue Authority**

**Fire Pension Board**

**Item 6**

**30 September 2015**

**Pension Board – Formal Documentation**

**Report of the Head of Finance**

Contact: Rob Carr, Head of Finance, 01962 847508

**1 Introduction and Background**

- 1.1 The Terms of Reference (ToR) for the Fire Pension Board, together with a Code of Conduct were agreed by Hampshire Fire and Rescue Authority on 20 February at the same time as the Board was formally constituted.
- 1.2 Following changes to the final regulations, some minor amendments were required to the ToR which were approved by Finance and General Purposes Committee (F&GP) on 15 April 2015.
- 1.3 The Board formally adopted the Terms of Reference and Code of Conduct at its inaugural meeting on 27 July. At that meeting, there were discussions around future Board business and one of the areas that was highlighted was to ensure that all necessary formal documentation was in place for the Board.
- 1.4 Two areas that have been highlighted that may not be adequately covered by the existing documentation are a Breaches Policy and a Conflict of Interests Policy.
- 1.5 The purpose of this report is to recommend changes to the Terms of Reference so that they incorporate all of the necessary formal documentation that is pertinent to the Board.

**2 Recommendations**

- 2.1 That the Board formally adopt the revised Terms of Reference and associated documents.
- 2.2 That the Board recommend the changes to Finance and General Purposes Committee for approval in their capacity as Scheme Manager.

### **3 Breaches Policy**

3.1 The Pension Regulator (TPR) Code of Practice states certain people involved with public service schemes must inform them of breaches of the law where that breach is likely to be of material significance.

3.2 When deciding whether a breach is likely to be of material significance, those under a duty to report should consider the cause, effect, reaction to and wider implications of the breach. In considering potential breaches, the Board must establish adequate procedures that enable breaches to be considered and reported and to make Board Members aware of those arrangements.

3.3 A breach is defined by TPR as :

*a legal duty relevant to the administration of the scheme hasn't been or isn't being complied with: this could relate for instance to keeping records, internal controls, calculating benefits and, for funded schemes, includes investment governance and administration matters*

3.4 The duty to report Breaches extends to a range of people, namely :

- managers of the scheme
- pension board members
- any other person involved in the administration of the scheme
- employers
- professional advisers including auditors, actuaries, legal advisers and fund managers
- any other person involved in advising the scheme manager in relation to the scheme

3.5 A 'marked up' version of the Terms of Reference is attached at Appendix 1 and a suggested Breaches Policy is attached at Annex B to that document, which also covers the process to be followed in the event of an alleged breach. The Board is asked to consider and approve the Policy for onward recommendation to F&GP Committee as Scheme Manager.

### **4 Conflict of Interest Policy**

4.1 The existing Code of Conduct already deals, to a certain extent, with conflicts of interest for Board Members. However what it does not do is set out the process to be involved in respect of a potential or alleged failure of a Board Member to declare a conflict of interest.

4.2 In reality, given that the Board is not a decision making body in itself and membership of the Pension Scheme (in the case of employee representatives) does not constitute a conflict of interests, there are unlikely

to be many instances where conflicts arise.

- 4.3 However, it still represents good governance to have these issues adequately covered and therefore the Code of Conduct has been changed to incorporate the process to be followed in the event of a breach of the code including conflicts of interest. A 'marked up' version of the Terms of Reference and the Code of Conduct has been incorporated into the documentation in Appendix 1 for approval.

## **Section 100 D – Local Government Act 1972 – background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report :

Creation of an HFRA Pension Board – HFRA 20 February 2015

Membership of FireFighters Pension Board – F&GP Committee 15 April 2015

Terms of Reference – Pension Board 27 July 2015

NB the list excludes published works and documents which disclose exempt or confidential information as defined in the Act.