
REPORT AUTHOR: CHIEF FIRE OFFICER**SUBJECT: FIREFIGHTER PENSIONS ADMINISTRATION**

For further information Denise Clarke
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Background Papers: None

Implications (tick ✓):

LEGAL	✓	FINANCIAL	
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	✓
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To seek the FRA approval to continue with existing firefighter pension administration services but through a discharge agreement.

RECOMMENATION:

That the FRA:

1. Agrees to the discharge of its firefighter pension administration functions to Lancashire County Council (LCC) under section 101 of the Local Government Act 1972.
 2. Authorises the Head of Human Resources to enter into any necessary agreements to effect this change and for the Authority's seal to be affixed to any documents required to give effect to this decision.
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1. Background

- 1.1. In March 2014, BFRS transferred its firefighter pension administration from Bedford Borough Council (BBC) to London Pensions Fund Authority (LPFA). A 4 year contract was awarded (expiry 31st May 2018). The primary reason for the transfer was the significant experience within LPFA who have administered London Fire Brigade pensions for many years.

- 1.2. Following the transfer, members will recall that numerous errors were identified in respect of pensions in payment. Whilst most have now been corrected, there are many matters ongoing, including discussions with BBC.
- 1.3 Day to day scheme management responsibilities for the fire pension schemes are delegated to the Chief Fire Officer and carried out by officers authorised by the CFO.

2. The Local Pensions Partnership (LPP)

- 2.1. During 2016 LPFA merged with Lancashire County Council bringing together the executive functions of their pension funds within a joint venture structure. This provides greater investment opportunities and resilience.
- 2.2. The LPP was created by the joint venture and is owned equally by the two founding funds. It is a not for profit pensions services organisation; any surpluses are reinvested or returned to customers through a rebate mechanism. One of the primary purposes of the new organisation is to make it easier for public sector bodies to award work directly to LPP. It carries out work for a number of Local Authorities and Fire & Rescue Services. LPP employees are based in Preston and London.
- 2.3 The majority of employees at LPFA, including those responsible for BFRS pension administration transferred to the new LPP organisation in 2017. The contract between BFRS and LPFA was amended to allow the sub-contracting to LPP. Thus the administration service continued in a seamless way.

3. New proposed arrangement (Discharge Agreement)

- 3.1 Ordinarily, contracts for services are tendered in line with the Procurement Policy. However, during 2017 LPP submitted a proposal to BFRS to enable the services to be continued under a different type of arrangement on expiry of the existing contract. Rather than a conventional contract, the services are instead provided via a discharge agreement. This form of 'shared service' is delivered through LCC which exercises the powers delegated to it by BFRS through LPP. This type of arrangement negates the need for lengthy, complex and costly procurement exercises and is becoming more common as collaboration between public services increases.

4. Recommendation

- 4.1 It is recommended that BFRS enters into the discharge agreement. On a practical level, the exact same team of experienced staff will be administering BFRS fire pension schemes. It is essential that this continuity is maintained given the complex issues currently being dealt with. An additional benefit is that the new organisation provides BFRS with resilience as it has access to experienced fire pensions experts based in Preston.

5. Legal implications

- 5.1 This arrangement is permissible under Section 101 of the Local Government Act 1972.
- 5.2 Extensive legal advice has been received from LGSS law in developing the agreement.

6. Procurement Policy

- 6.1 The Procurement Manager has been fully involved. The Head of Finance has also been consulted; both are fully supportive of this approach.

**PAUL M FULLER CBE QFSM DL
CHIEF FIRE OFFICER**