



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

LOCAL FIREFIGHTER PENSION SCHEME ADMINISTRATION

Report of the Chief Fire Officer

Date: 20 December 2019

Purpose of Report:

To report to Members regarding the termination of the Pension Administration Contract.

Recommendations:

It is recommended that Members:

- Note the contents of the report.
- Endorse the collaborative approach to securing ongoing pension administration services.

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1. BACKGROUND

- 1.1 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Public Service Pensions Act 2013. The role of Scheme Manager is delegated to the Head of Finance post.
- 1.2 The Authority has been given notice that Leicestershire County Council (LCC) is to terminate its contract to provide the firefighters' pension scheme administration service with effect from 31 March 2020. This report serves to make the Fire Authority aware, in its role of Scheme Manager, of the situation and of the action being undertaken to resolve it.

2. REPORT

- 2.1 On 9 September 2019, the Authority received written notification that LCC is to terminate the arrangement to provide a Pension Administration Service for the firefighters' pension schemes from 31 March 2020. LCC is to similarly terminate services to both Leicestershire and Derbyshire Fire Authorities.
- 2.2 The reason given behind the decision to terminate the contract is due to the increasing complexity of the firefighters' pension scheme regulations and the complexity and uncertainty following the Supreme Court McCloud judgement that the transitional protections into the 2015 firefighters' pension scheme were age discriminatory.
- 2.3 The Authority has to make arrangements at short notice to provide pension administration services and this limits the opportunity to go through a formal tender process. There are also challenges in considering the ease of data transfer between providers that have influenced the decision to either directly award or to delegate the function to an alternative provider.
- 2.4 The Head of Finance is currently working closely with Derbyshire and Leicestershire Scheme Managers to resolve the situation. The intention is to undertake a joint procurement exercise between the three Authorities.
- 2.5 The LCC administration team have agreed to co-operate fully in relation to suitable handover arrangements.
- 2.6 The Pension Board will continue to be kept up to date with developments and a further report will be brought to Fire Authority once the matter is resolved.

3. FINANCIAL IMPLICATIONS

- 3.1 Although it would be expected that the current level of service could be procured for a similar cost, the outcome of the McCloud case remedy could lead to significantly increased workloads for administrators which could result in additional costs being charged in the future.
- 3.2 LCC had been working on introducing a Members Self Service (MSS) which would have enabled members to access real time information on their pensions. There would have been additional costs related to this service. If the new provider were to be able to offer MSS then this would similarly be expected to come with additional cost.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The provision of an accessible, reliable and accurate pension administration service is of paramount importance. Quality of service will be one of the deciding factors in selecting new administrators.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or change in service.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The regulations surrounding the firefighters' pension schemes are very complex and the pension administration team need to be adequately skilled to understand and administer the schemes.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The risks associated with pension governance are significant. These are set out in the Pensions Risk Register, which is actively managed by the Scheme Manager and monitored by the Board.
- 8.2 There is significant financial risk to the Authority if mal-administration of the pension scheme occurs. This could take the form of fines from The Pensions Regulator on top of the cost of correcting any errors.

9. COLLABORATION IMPLICATIONS

- 9.1 Nottinghamshire, Leicestershire and Derbyshire Fire Authorities all share the same pension administrator and this has allowed for a number of collaborative activities associated with pensions. The benefits of this collaboration are evident through the joint procurement exercise. This is providing savings in both time and resources for all three Authorities.
- 9.2 The joint board submission will be kept under review whilst the current situation is resolved.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Note the contents of the report.
- 10.2 Endorse the collaborative approach to securing ongoing pension administration services.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER