

LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Meeting to be held on 29 June 2016

DELEGATION OF PENSION FUNCTION

Contact for further information:

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Executive Summary

Our current pension administrator (Your Pension Service) has entered into an Asset and Liability Management Partnership with the London Pension Fund Authority.

This requires Lancashire Fire & Rescue Service (LFRS) to revise its agreement with “Your Pension Service”.

Legal advice has been sought and it is proposed to enter into a continued arrangement with Lancashire County Council (LCC) to discharge the pension administration function on behalf of LFRS.

Decision Required

Members are asked to note the report, approve the discharge of function and authorise the finalisation of the arrangement.

Information

LFRS currently contracts with Lancashire County Council’s Pension Administration Services (Your Pension Service) for pension administrative services for the Firefighter Pension Schemes and separately is part of the LCC Local Authority Pension Scheme Fund.

“Your Pension Service” has entered into a creation of an Asset and Liability Management Partnership with the London Pensions Fund Authority (LPFA) with effect from 1 April 2016.

The stated aim of the partnership is to:

1. Create a large pool of assets of which more can be managed in house at low cost, which is in keeping with the Government’s stated aim of creating a smaller number of LGPS “Wealth Funds”.
2. Create a shared service that will provide an end to end service in the management of pension schemes dealing with all aspects of pension administration from processing data member communications and the payment of benefits.

The Pensions administration currently undertaken on behalf of LFRS by “Your Pension Service” will be delivered by a company jointly owned by the Lancashire County Pension Fund and the LPFA. The company will be known as the Lancashire and London Pension Partnership (LLPP).

This changed arrangement alters the basis under which the service is performed which necessitates a new agreement and the discharge of function in accordance with the provisions of section 101 of the Local Government Act 1972.

LFRS is highly satisfied with the services it currently receives.

The Service's preferred option is for LCC to continue to discharge the pension administration function on behalf of LFRS. However, due to the potential legal ramifications, external legal advice was sought as to whether the proposed route was legal and appropriate and did not contravene EU procurement rules and could proceed as a "discharge of function".

Similar arrangements currently exist between Lancashire CC and both Cumbria County Council and Merseyside Fire & Rescue Service for their firefighter schemes. Cumbria County Council has already entered into a contract with LLPP, so joint advice was sought by Merseyside and ourselves. The advice confirms the proposal is an acceptable method of delivery.

Following receipt of that advice additional changes have been incorporated into the documentation which can now be finalised. The alternative would be to re-tender the pension provision through a tendering exercise.

The proposed arrangement is already being utilised to enable GMFRS to administer our Payroll administration

Financial Implications

None

Business Risk Implications

If the mechanism proposed was not legal then the reputational and financial implications could be significant.

Environmental Impact

Not applicable

Equality and Diversity Implications

Not applicable

Human Resource Implications

The provision of effective pension arrangements are a crucial part of the employment contract and if not satisfactory would cause reputational and morale damage.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		