



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Report reference number: 032 - 24

Government security classification: Official

Title of report: Firefighter Pensions Administration Contract 2024-25 to 2026-27

Area of county / stakeholders affected: Service-wide

Report by: James Durrant, Pensions Manager

Date of report: 07/07/2024

Enquiries to: James Durrant, Pensions Manager

1. Purpose of the report

To gain approval to extend the contract with Essex Pension Fund for the administration of Firefighter Pension Schemes for three years.

2. Recommendations

That the PFCCFRA approves the three-year contract for services with Essex Pension Fund attached to this report for the administration of Firefighter Pension Schemes for the years 2024/25, 2025/26 and 2026-27, for a total estimated cost of £518,560.62. This agreement may be extended by up to two years by giving Essex Pension Fund at least six months' written notice before the expiry of the initial term (31 March 2027).

That the PFCCFRA delegates authority to the Assistant Director of Finance and the Section 151 and Chief Finance Officer to enter into the contract for services attached to this report on their behalf.

That the PFCCFRA delegates authority to the Chief Financial Officer to approve the annual purchase order for this contract.

3. Benefits of the proposal

The Essex PFCCFRA has a number of administrative challenges over the next few years in terms of its Firefighter Pension Schemes, namely to complete the implementation of:

1. the McCloud / Sargeant remedy,
2. the Matthews second options exercise, and
3. pension dashboards.

This proposal will give the best chance that the three projects above will be completed within the statutory deadlines.

4. Background and proposal

Essex Pension Fund, which is part of Essex County Council, provides expert administration of Firefighter Pension Schemes. This arrangement has been in place for decades, potentially back to when the Fire Services Act 1947 came into effect. Essex Pension Fund also administers the Police Pension Scheme on behalf of Essex Police as well as the Local Government Pension Scheme for the Authority's support and control room staff, as well as over 700 other employers in the Local Government Pension Scheme in Essex.

[REDACTED] the increased workload and to ensure the continuation of the PFCCFRA's excellent working relationship with Essex Pension Fund, it would be advantageous for the PFCCFRA to extend this arrangement beyond the usual one-year rolling contract, up to at least 31 March 2027, to ensure the successful implementation of the three projects listed above in Section 3. A three-year contract, [REDACTED] ensures protection for the PFCCFRA of continued service provision by the current provider.

5. Alternative options considered and rejected

The PFCCFRA has choice as to who may deliver its pension administration services in respect of its Firefighter Pension Scheme. Other providers do exist who are open to seeking new business. Indeed, one provider provides pension administration services for around half of all fire and rescue authorities. [REDACTED]

6. Strategic priorities

This proposal is relevant to the following strategic priorities of the Commissioner, as set out in the Fire and Rescue Plan:

- Promote a positive culture in the workplace.
- Make best use of our resources.

7. Operational implications

Keeping the existing arrangements and extending the contract to 31 March 2027 will have no detrimental impact to the PFCCFRA's operational delivery as the status quo will be maintained.

8. Financial implications

Essex Pension Fund has provided their list of charges for business as usual:

[REDACTED]	
[REDACTED]	
[REDACTED]	
TOTAL	: £448,935.90

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Additional charges will arise as follows. The amounts shown are for 2024-25, as the amounts for 2025-26 and 2026-27 are not yet known as they depend on third-party suppliers:

Production of Annual Benefit Statements for deferred members (production and print only)	[REDACTED]
Production of Annual Benefit Statements for active members (production and print only)	[REDACTED]
Administration Software Development Annual Fee. This charge covers annual development of the Civica pensions administration software in relation to legislative changes required during the previous 12 months.	[REDACTED]
Total Additional Charges for 2024-25	[REDACTED]

* The true amounts are to be confirmed but the amounts shown are estimated based on last year's charges plus a small increase.

Penalties may be issued to the Authority in the event of late submission of fully validated annual return data:

If data is received between 1 May 2024 to 31 May 2024 [REDACTED]
 If data is received after 31 May 2024 [REDACTED]

To date, this penalty has never been issued as fully validated annual return data has been submitted each year on time.

No more additional software charges are expected for McCloud / Sargeant for 2024-27. Whether there will be software charges for Matthews is as yet unknown and being discussed between Essex Pension Fund and their software supplier, as well as the software supplier's other clients. If we are to assume that other additional charges remain the same for 2025-26 and 2026-27 as they are for 2024-25, the total costs for each of the three years can be summarised as follows:

1 April 2024 – 31 March 2025 BAU:	[REDACTED]
1 April 2024 – 31 March 2025 Additional Charges (estimated):	[REDACTED]
Total 1 April 2024 – 31 March 2025:	[REDACTED]
1 April 2025 – 31 March 2026 BAU:	[REDACTED]
1 April 2025 – 31 March 2026 Additional Charges (estimated):	[REDACTED]
Total 1 April 2025 – 31 March 2026	[REDACTED]

1 April 2026 – 31 March 2027 BAU:	
1 April 2026 – 31 March 2027 Additional Charges (estimated):	
Total 1 April 2026 – 31 March 2027	

Total Estimated Cost 1 April 2024 – 31 March 2027	£518,560.62
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9. Legal implications

[Redacted]

[Redacted]

[Redacted]

10. Staffing implications

Keeping the existing arrangements and extending the contract to 31 March 2027 will have no detrimental impact to the PFCCFRA’s staff and is compliant with relevant employment legislation and policies.

11. Equality and Diversity implications

The actions being taken will not have a disproportionate impact on individuals with protected characteristics (as defined within the Equality Act 2010), when compared to all other individuals and will not disadvantage people with protected characteristics.

Race	N	Religion or belief	N
Sex	N	Gender reassignment	N
Age	N	Pregnancy & maternity	N
Disability	N	Marriage and Civil Partnership	N
Sexual orientation	N		

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

12. Risks

Adding a potential formal tender for another supplier to the project list risks the failure of delivery of the three key projects against the statutory deadlines. There is a risk that the PFCCFRA will have to report itself to the Pension Regulator if it breaches the law and the breach is deemed to be material to the Pensions Regulator. Scheme members and beneficiaries may also complain to the Pensions Ombudsman for maladministration and the Ombudsman has powers to award

compensation for distress and inconvenience. Due to the increased risk of the Scheme Manager failing to carry out its duties, changing from the current provider is not recommended at this time.

13. Governance Boards

The proposal in this paper has been discussed by the PFCCFRA’s Local Pension Board at its meeting of 26 March 2024 and at the PFCCFRA’s Strategic Board on 13 June 2024.

14. Background papers

The Contract for Services 2024-25 (36-month contract) is attached to this report.

Decision Process (032 - 24)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support this recommendation.....

Sign: 

Date:.....13/6/24.....

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

.....NA.....

Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority’s (“the Commissioner’s”) Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.



Monitoring Officer

Sign:

Print: P. Brent-Isherwood

Date: 12 July 2024

Chief Finance Officer



Sign:

Print:Neil Cross.....

Date: ... 13/6/24

Step 3 - Publication

Is the report for publication? YES/NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

Subject to redaction, as set out below

If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

1 Of Decision Sheet YES/NO

2 Of Appendix YES/NO

If 'YES', please provide details of required redaction:

Any areas highlighted in yellow to be redacted and appendix 1 (the contract) is not to be published

Date redaction carried out:16/09/2024.....

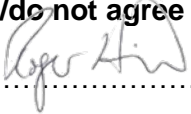
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign: Print:

Date signed:

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree /do not agree the recommendations to this report:

Sign:  (PFCC / DPFCC)

Print: Roger Hirst Date signed: 18/07/2024

I agree /do not agree the recommendations to this report:

Sign: (PFCC / DPFCC)

Print: Date signed: