

**Meeting of the Full Council**  
**Meeting to be held on Thursday, 24 May 2018**

Report submitted by: Head of Legal and Democratic Services

**Part A**

Electoral Division affected:  
None;

**Delegation of Pension Administration Functions to Lancashire County Council**

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**Executive Summary**

The county council is a shareholder of Local Pensions Partnerships Limited, the company established to manage certain aspects of the Lancashire County Pension Fund including pension administration. In order to maximise efficiency, Local Pensions Partnerships Limited with the support of its shareholders including the county council, aims to develop the administration side of the business by providing services to other local authorities.

Local Pensions Partnerships Limited has agreed to undertake pension administration on behalf of the Lancashire Fire & Rescue Service and authority is sought to enter into such an agreement on the basis of a delegation of pension administration function from the Lancashire Fire & Rescue Service to the county council.

The report also proposes that the Director of Corporate Services be authorised to take decisions of this kind in future.

**Recommendation**

Full Council is asked:

- (i) To approve the delegation of the pension administration function of the Lancashire Fire & Rescue Service to Lancashire County Council pursuant to s.101 Local Government Act 1972.
- (ii) Subject to the approval of (i) above, to authorise the Director of Corporate Services, in consultation with the Head of the Pension Fund, to enter into an agreement with Local Pensions Partnerships Limited providing for Local Pensions Partnerships Limited to deliver the necessary services to enable the county council to undertake this function on behalf of Lancashire Fire & Rescue Service.

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| (iii) To authorise the Director of Corporate Services, under the council's scheme of delegation arrangements, to approve the delegation of the pension administration function held by another public sector organisation to the county council, and following consultation with the Head of the Pension Fund, to enter into an agreement with Local Pensions Partnership Limited providing for Local Pensions Partnerships Limited to deliver the necessary services to enable the county council to undertake this function on behalf of the public sector organisation. |
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## **Background and Advice**

In April 2016 the county council in conjunction with London Pensions Fund Authority established Local Pensions Partnerships Limited and associated companies with a view to Local Pensions Partnerships Limited delivering pension administration and investment services to participating public sector organisations.

At the time the company was established both the county council and London Pensions Fund Authority already delivered pension administration services on behalf of other public sector organisations including other local authorities and fire and rescue services.

Local Pensions Partnerships Limited together with its two shareholders seeks to expand its relationship with other public sector organisations focussing at this stage on pension administration. This approach allows Local Pensions Partnerships Limited to make efficiency savings which are then passed on to the two shareholders whose own costs of performing their pension administration function is thereby potentially reduced.

Lancashire Fire & Rescue Service has decided to delegate its pension administration function to the council on the understanding that the necessary services will be delivered by Local Pensions Partnerships Limited on the council's behalf.

Delegation of function is permissible under s.101 Local Government Act 1972 which provides that a local authority may make arrangements for the discharge of its functions by another local authority. Whilst s.101 also provides that the delegating authority may at the same time agree to make a contribution towards the costs of the other authority, such an arrangement is not akin to a commercial contract. Any arrangement whereby one local authority *delivers services* to another local authority on a commercial basis would be subject to the Public Contracts Regulations 2015 (the Regulations).

An arrangement whereby functions are delegated between local authorities is more flexible with funding being provided by way of a delegated budget. A standard form agreement is used in relation to existing delegation arrangements and this reflects the non-commercial basis of the relationship. As such the council cannot command the usual protection that would be included in a commercial contract. However, the standard document reflects the willingness of public sector organisations to work collaboratively with each other to ensure that the requirements of the delegating authority are properly understood and met.

Should the council agree to the delegation of function from the Lancashire Fire & Rescue Service, the council may enter into an arrangement with Local Pensions Partnerships Limited without the necessity of a procurement exercise as Local Pensions Partnerships Limited is categorised as a company falling within Regulation 12 (4) (companies over which a public authority exercises joint control with another public authority).

Authority is therefore sought to accept the delegation of pension administration functions from the Lancashire Fire & Rescue Service and to enable the Director of Corporate Services in consultation with the Head of the Pension Fund to enter into the appropriate written agreement with the Lancashire Fire & Rescue Service to give effect to the same.

It is also proposed that the Director of Corporate Services be authorised, under the council's scheme of delegation arrangements, to approve the delegation of the pension administration function held by another public sector organisation to the county council, and following consultation with the Head of the Pension Fund, to enter into an agreement with Local Pensions Partnerships Limited providing for Local Pensions Partnerships to deliver the necessary services to enable the county council to undertake this function on behalf of the public sector organisation. The full council meets only six times per annum and whilst the urgent business procedure can be used to obtain the necessary approval to the delegation of pension administration functions to the county council, delays can still occur. The delegation of this function would enable decisions to be taken more quickly.

## **Consultations**

Head of the Lancashire Pension Fund

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

No significant risks have been identified.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact/Tel
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Reason for inclusion in Part II, if appropriate		
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