

**Meeting of the Full Council
Meeting to be held on Thursday, 15 October 2020**

Report submitted by: Director of Corporate Services

Part A

Electoral Division affected:
None;

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

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Executive Summary

This report is regarding a proposal that Lancashire County Council agrees to Hertfordshire County Council delegating its pension fund administration function to Lancashire County Council pursuant to section 101 of the Local Government Act 1972.

Recommendation

That Full Council agrees to Hertfordshire County Council delegating its pension fund administration function to Lancashire County Council pursuant to section 101 of the Local Government Act 1972.

Background and Advice

Lancashire County Council's pension functions (administration and investment services) have since 2016 been delivered on its behalf by the Local Pension Partnership Limited (LPPL) a company group owned by Lancashire County Council and the London Pension Fund Authority (LPFA). Pension administration services are provided by the administration arm of the Local Pensions Partnership, which is called Local Pensions Partnership Administration Limited (LPPA), with investment services being undertaken by the investment arm Local Pensions Partnership Investments Limited (LPPI).

Prior to the establishment of LPPL, both the council and LPFA provided services to other public authorities and since 2016, LPPL has been successful in adding new clients.

Hertfordshire County Council receives services from LPPL by virtue of a commercial agreement in place as at 2016 with LPFA. This agreement expires at the end of this financial year and Hertfordshire wishes LPPL to continue to deliver the services. The current arrangement includes the Hertfordshire Fire and Rescue Service whose pension fund is administered by Hertfordshire County Council and it is proposed that this be included in the arrangement.

In the past Lancashire County Council has opted to provide pension administration services to other local authorities by way of a formal delegation of powers pursuant to section 101 of the Local Government Act 1972, an option which is not open to LPFA as it is not a local authority and cannot therefore take advantage of the same powers available to local authorities under the 1972 Act. Such an option is not considered to be a commercial arrangement and Hertfordshire County Council is able to delegate its powers to Lancashire County Council without having to put the service out to tender.

As part of the proposed delegation, Hertfordshire County Council would pass its agreed budget of approximately £1.700m for pension administration services to Lancashire County Council which would instruct LPPL to deliver the services to Hertfordshire County Council with the funding being passed through to LPPL.

The arrangement whilst not being of a commercial nature will nonetheless be governed by a formal written agreement involving Hertfordshire County Council, LPPL and Lancashire County Council setting out the nature of the services and the expected key performance indicators. Lancashire County Council enjoys the benefit of an indemnity from LPPL protecting it against any claims which stem from LPPL negligence or breach of contract/breach of statutory duty, etc. The terms of the indemnity arrangements as between the council, LPPL and its customers are currently under review but it is not anticipated that any changes would expose the council to additional risk.

The proposal set out in this report will enable LPPL to continue to deliver the service to Hertfordshire County Council as it has done since 2016. If agreed by Full Council, LPPL would be appointed by Lancashire County Council under powers available under the Local Government Act 1972 rather than through LPFA by way of commercial agreement.

The authority to agree to undertake a function delegated by another local authority under the 1972 Act sits with Full Council.

Consultations

Hertfordshire County Council and LPPL.

Implications:

This item has the following implications, as indicated:

Risk management

Whilst there is some scope for errors to be made by LPPL which could lead to losses, this has been addressed in the agreement between Lancashire County Council, LPPL and the customer authority. LPPL carries the usual business insurance to cover any loss and has indemnified Lancashire County Council so that the risk to Lancashire County Council is minimal.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A