

Meeting of the Full Council

Meeting to be held on Thursday, 25 February 2021

Report submitted by: Director of Corporate Services

Part A

Electoral Division affected:
None;

Delegation of Pension Administration Functions: London Borough of Hammersmith and Fulham to Lancashire County Council

Contact for further information:

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Executive Summary

This report is regarding a proposal that Lancashire County Council agrees to the London Borough of Hammersmith and Fulham 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:

- (i) To the London Borough of Hammersmith and Fulham delegating its pension fund administration function to Lancashire County Council pursuant to section 101 of the Local Government Act 1972 subject to the council entering into appropriate legal agreements with the parties.
- (ii) That the Director of Corporate Services be authorised to agree the final legal agreement on behalf of the Council.

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 Pensions 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.

The London Borough of Hammersmith and Fulham has been considering how best to deliver its pension administration service and has concluded that its preferred approach would be to delegate the function to the county council who would in turn instruct LPPA to deliver the service.

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 the London borough 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, the London Borough of Hammersmith and Fulham would pass its agreed budget for pension administration services to Lancashire County Council which would in turn instruct LPPA to deliver the services with the funding being passed through to LPPA.

The arrangement whilst not being of a commercial nature will nonetheless be governed by a formal written agreement involving the London Borough of Hammersmith and Fulham, LPPA 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 LPPA protecting it against any claims which stem from LPPA negligence or breach of contract/breach of statutory duty, etc. The terms of the indemnity arrangements as between the council, LPPA and its customers are currently under review but it is not anticipated that any changes would expose the council to additional risk.

It is not anticipated that there will be any TUPE implications associated with the proposed arrangement.

The proposal set out in this report will enable LPPA to deliver the service to the London Borough of Hammersmith and Fulham. If agreed by Full Council, LPPA would be appointed by Lancashire County Council under powers available under the Local Government Act 1972.

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

Consultations

The London Borough of Hammersmith and Fulham and LPPA.

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, LPPA and the customer authority. LPPA will indemnify 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		
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Reason for inclusion in Part II, if appropriate

N/A