

**Meeting of the Full Council
Meeting to be held on Thursday, 26 May 2022**

Report submitted by: Director of Corporate Services

Part A

Electoral Division affected:
N/A;

Corporate Priorities:
Delivering better services;

Delegation of Pension Administration Functions: London Borough of Bexley to Lancashire County Council

Contact for further information:

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Brief Summary

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

Recommendation

- (i) That Full Council agrees to the London Borough of Bexley delegating its pension fund administration function to Lancashire County Council from 1st April 2024 onwards 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 county council.

Detail

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

Prior to the establishment of Local Pension Partnership Limited, both the county council and London Pensions Fund Authority provided services to other public authorities and since 2016, Local Pension Partnership Limited has been successful in adding new clients.

The London Borough of Bexley currently receives services from Local Pensions Partnership Administration Limited by virtue of a commercial agreement in place since 2016 with London Pensions Fund Authority. This agreement expires at the end of the 2024 financial year and the London Borough of Bexley wishes Local Pensions Partnership Administration Limited to continue to deliver the services. The London Borough of Bexley has considered how best to deliver its pension administration service and has concluded that its preferred approach is to continue with Local Pensions Partnership Administration Limited as a provider for pensions administration services via a delegation of functions through Lancashire County Council.

Although the proposed delegation of functions will not commence until 1st April 2024, a decision is sought from Full Council at this point to ensure that the London Borough of Bexley can seamlessly transition to the new approach.

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. Such an option is not considered to be a commercial arrangement and the London Borough of Bexley 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 of functions, the London Borough of Bexley would pass an agreed budget for pension administration services to Lancashire County Council which would instruct Local Pension Partnership Limited to deliver the services to the London Borough of Bexley with the funding being passed through to Local Pension Partnership Limited.

The arrangement, whilst not being of a commercial nature, will nonetheless be governed by a formal written agreement involving the London Borough of Bexley, Local Pensions Partnership Administration Limited and Lancashire County Council setting out the nature of the services and the expected key performance indicators. The agreement provides some protection for the county council the terms of which, between the county council, Local Pensions Partnership Administration Limited and its customers, are regularly reviewed. It is not anticipated that any changes would expose the council to additional risk.

There will not be any TUPE implications associated with the proposed arrangement as administration services for the London Borough of Bexley are already undertaken by Local Pensions Partnership Administration Limited.

The proposal set out in this report will enable Local Pensions Partnership Administration Limited to deliver the service to the London Borough of Bexley. If agreed by Full Council, Local Pensions Partnership Administration Limited 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 Bexley and Local Pensions Partnership Administration Limited.

Implications:

This item has the following implications, as indicated:

Risk management

Whilst there is some scope for errors to be made by Local Pensions Partnership Administration Limited which could lead to losses, this has been addressed in the agreement between Lancashire County Council, Local Pensions Partnership Administration Limited and the customer authority. Local Pensions Partnership Administration Limited 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
None		
Reason for inclusion in Part II, if appropriate		
N/A		