

COUNCIL, 12 JULY 2017

REPORT OF THE PENSIONS COMMITTEE

THE FUTURE OF THE PENSIONS ADMINISTRATION SERVICE

At its meeting on 15 June 2017 the Pensions Committee considered a report (attached) which set out the options for the future of the Pensions Administration Service.

The provision of the Local Government Pension Scheme (LGPS) is a statutory function of all local authorities in England and Wales. In recent years there has been a series of legislative changes to the LGPS rules, making the service significantly more complex to administer and it is now considered to be an highly specialised function.

Havering's pension fund currently has around 18,990 members. This comprises up to 6,323 actives, 6,545 deferred, 6,122 pensioners and has 38 employers in the scheme. The system is provided by Heywoods, which is one of the systems used nationally for pension administration. The oneSource payroll service process the pensioner's payroll.

The London Borough of Havering has until now provided the LGPS pensions administration via an in house team. However, in recent years it has become extremely difficult to recruit and retain skilled, knowledgeable and experienced staff.

Due to retirements and staff leaving over the past two years, the team has reduced in permanent staff to three fte (full time equivalent) with a great reliance on temporary staff. This has subsequently resulted in a review of options for service provision as the current arrangements are not sustainable or resilient and do not represent value for money. The service also needs to be improved by having skilled, experience staff to focus on providing an accurate, efficient service that can adapt to change and business priorities. The resilience of the team needs to be strengthened to provide functions such as technical development, information and case management, performance data, employer engagement and communications etc The capacity and capability to undertake improvement projects and reviews such as the provision of the AVC scheme, Members Self Service etc also needs to be developed.

The Pensions Committee accordingly recommends to Council that it:

1. Agree Option 4, of the attached report including exempt information, (subject to agreement by Lancashire County Council) that Havering Council enter into an

arrangement under section 101 of the Local Government Act 1972 for the discharge by Lancashire County Council of the functions of Havering Council in respect of pensions administration from 1st October 2017 for a rolling annual period.

2. Delegate to the Managing Director of oneSource authority, after consultation with the Cabinet Member for Financial Management, to agree the final terms of the arrangements with Lancashire County Council and incorporate those into an agreement subject to those terms being in the best interests of Havering Council.
3. Agree the recruitment of a Projects and Contract Manager, and to note that over a 5 year period, the total cost of the service to the Pension Fund is estimated to decrease by £76,900 and will deliver a robust and resilient and future proofed service. This will include the recruitment of a Projects and Contract Manager for Havering at annual cost of up to £57,791 to be funded by the Pension Fund budget.
4. Note that project implementation costs of the new arrangements will be £78,240 to be financed from the Pension Fund budget.