

Pensions Committee

30 September 2015

8. ADMINISTERING AUTHORITY UPDATE

Recommendation

- 1. The Head of Human Resources and Organisational Development recommends that the update on the research project on the future provision of the Administering Authority be noted.**

Background

- The Head of Human Resources and Organisational Development provided an overview of the existing Administering Authority structure to the Committee on the 10 June 2015 and the Committee agreed that a research project on the future provision of the Administering Authority be undertaken.

- The Administering Authority already works in collaboration with other funds to share technical knowledge and costs to the benefit of all. A recent example has been the collaborative work with 6 funds (Shropshire, Warwickshire, Staffordshire, Cheshire, Cambridgeshire and Northamptonshire) in relation to the production of our annual benefit statement. This resulted in a new and fresh design to our statements for active and deferred members, a managed print/postal service and most importantly we achieved the new deadline of 31 August 2015 for issue of statements which some funds have struggled to meet or not met.

- There is a push, particularly from the Pensions Minister, for greater collaboration between funds to make them more efficient and it is important that an analysis of the strengths weaknesses, opportunities and threats (SWOT) is undertaken to find examples of best practice and understand the implications for this Fund. In considering future ways of working and managing change, the fund must be forward thinking, innovative and pro-active.

Update

- Early attempts to recruit a project officer to undertake the research have been unsuccessful and The Head of Human Resources and Organisational Development is continuing to follow up contacts to source a suitable qualified individual.

Lincolnshire and Bradford

6. In the meantime contacts have been made with Funds which are working in partnership, for example Bradford and Lincolnshire, and Lancashire and London Pensions Fund Authority (LPFA).

7. Lincolnshire was reaching the end of a 10 year contract (from 1 April 2105) with a procured external provider covering a number of transactional services, including pensions administration. In their consideration to re-tender the contract they decided to remove the pensions administration from the contract, as this had not been wholly successful during the contract, and to seek another provider to procure with. Their view was that the contract would be best undertaken from another Fund and following informal and formal procurement processes Bradford Fund won a 7 year contract to provide Lincolnshire's pensions administration. This went live from 1 April 2015 and Bradford's Business Development Manager described the short timescale, the transfer of records and a change of system all very challenging but this is now settling down.

8. Lincolnshire has retained a local office (14 staff including 2 communications posts and a technical post) to deliver face to face support for members and pensioners. Bradford provides training to the Lincolnshire staff and also designs content for employer and member newsletters and delivers IT support from an in-house team. This new contract is still in its early months so no data on savings was available but they are expecting efficiencies by utilising economies of scale. Bradford are open for future collaboration with Lincolnshire on the investment side and are providing pension administration to a number of Fire authorities. We will continue to watch this partnership model and undertake further analysis.

Lancashire and the London Pensions Fund Authority

9. Lancashire County Council and LPFA are proposing a different approach of collaboration and are bringing together the asset pools of the two Funds to create a £10bn pot of assets to invest. Their model has been extended to incorporate the pensions administration. Important for both organisations they are not merging the funds and sovereignty of the two organisations will be maintained. They are looking to reduce costs and increase efficiency by achieving economies of scale and greater investment in technology. They are looking to create a new holding company with each organization owning a 50% share. They are currently working through the legal, regulatory, governance and staffing matters with a proposed go-live date of 1 April 2016. We will continue to watch this collaboration model and undertake further analysis.

Worcestershire Pension Fund

10. The Chief Financial Officer is already in discussion on future potential collaboration on the investment side with 7 surrounding Funds; Gloucestershire, Nottinghamshire, Leicestershire, Warwickshire, Staffordshire, Shropshire and Cheshire West.

11. The Head of Human Resources and Organisational Development is keen to explore similar opportunities on the administration side with these 7 authorities and meetings are being arranged with key personnel over the autumn.

12. The Administering Authority needs to be prepared for continuing, regulatory, changes and be appropriately resourced to ensure resilience and deliver its statutory functions.

13. Existing partnership working will continue and it is important to develop new ways of working and maximize future partnership arrangements.

14. The Head of Human Resources and Organisational Development will:

- Continue to seek to engage project support to identify best practice approaches, review partnership arrangements between funds and the private sector and scrutinise costs and bring forward an options paper of new ways of working, and
- provide a further progress update to the next Committee.

Contact Points

County Council Contact Points

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Background papers

In the opinion of the proper officer (in this case the Head of Human Resources and Organisational Development) the following are the relevant background papers to this report:

Agenda papers and Minutes of the meeting held on 10 June 2015