

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE MEETING

25th August 2020

Report Title	Pensions Administering Authority Information Paper
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1. Purpose

1.1 The purpose of this report is to provide options around which Northamptonshire Unitary Authority is more suitable to become Pensions Administration Authority, and to seek a recommendation from the Shadow Executive.

2. Recommendations

It is recommended that the Shadow Executive select West Northamptonshire as the recommended Pensions Administration Authority (option 3), as detailed in the Options Appraisal attached in Appendix A.

3. Issues and Choices

The Pensions Administration Authority is responsible for delivering a range of critical functions. An LGPS Administering Authority must be identified to support professional and transactional functions including:

- Pensions Fund Management (currently valued at £2.6bn)
- Fund accounting and statutory reporting
- 'Cradle to grave' fund administration
- Employer functions including admissions and cessations
- Support and oversight of scheme employers in respect of their own pension duties
- Fund governance including preparation of papers for s101 Committees and Pension Board
- Member skills and knowledge training
- Preparation of Fund strategies and policies
- Fund communications, including annual benefit statements and newsletters
- Pension systems and development

The scheme manager for the Northamptonshire Pension Fund, known as the 'Administering Authority', is currently Northamptonshire County Council (NCC). When

the County Council ceases to exist, a new Administration Authority must be selected to continue the operation of the critical functions listed above.

This paper seeks to provide the information required to make a recommendation on the future Pensions Administering Authority.

3.2 Issues and Choices

3.2.1 The decision on the Pensions Administering Authority has been prompted by the creation of the Consequential Order. The order, laid by parliament will need to name the new Pensions Administering Authority. The Order is due to be drafted in conjunction with MHCLG in September 2020.

3.2.2 The following choices are outlined in the paper Appendix 1;

- Option 1 – Do Nothing
- Option 2 – Split the Fund into North and West and have two separate Administering Authorities
- Option 3 – West Northamptonshire as the future Pensions Administering Authority
- Option 4 – North Northamptonshire as the future Pensions Administering Authority

4. Implications (including financial implications)

4.1 Policy

4.1.1 Policies and associated documentation will need to be updated to reflect the change in Pensions Administration Authority.

4.2 Resources and Risk

4.2.1 If a decision on where the Pensions Service is geographically based and where the Administration authority sits are different, this would introduce some additional complexities as to how the service functions.

In addition, colocation with Payroll is an important factor. Whilst the Pensions Service is responsible for the payment of pensions to pensioners, it uses Payroll to physically run the payroll. The Head of Pensions has oversight responsibilities in connection with this arrangement.

4.3 Legal

4.3.1 The Consequential Order, laid by parliament will need to name the new Pensions Administering Authority. The Order is due to be drafted in conjunction with MHCLG in September 2020

4.4 Equality and Health

4.4.1 None