

10.00a.m., Thursday, 11 December 2014

## Lothian Pension Fund Resourcing Arrangement with Falkirk Council

Item number	8.5 [ ]
Report number	
Executive/routine	
Wards	All

### Executive summary

The Investment & Pensions Division of the City of Edinburgh Council (the “Council”) (“Lothian Pension Fund”) has been in discussions with Falkirk Council (“Falkirk”) to agree an arrangement whereby the Council will second certain staff to Falkirk to assist it with discrete aspects of the administration of the Falkirk Pension Fund. This will allow the Council to share some of the costs associated with the administration of the Lothian Pension Fund in a manner that is consistent with the UK wide initiative for greater collaboration among local government pension funds.

The Pensions Committee has been kept up to date of the process on an ongoing basis and has approved the joint working arrangement as part of the 2014-17 service plan for the Lothian Pension Fund. The Committee Terms of Reference do, however, reserve to the Council decision making on matters which involve the Council co-operating with other Councils and so approval is sought from Council.

### Links

#### Coalition pledges

#### Council outcomes

CO26 –The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.

#### Single Outcome Agreement

## Lothian Pension Fund Resourcing Arrangement with Falkirk Council

### Recommendations

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- 1.1 The Council is asked to:-
  - 1.1.1 approve the part time secondment of certain staff to Falkirk Council to assist it with discrete aspects of the administration of the Falkirk Pension Fund in line with the agreed 2014/15 service plan for the Lothian Pension Fund; and
  - 1.1.2 note that the Pensions Committee will continue to oversee all material matters arising from its implementation.

### Background

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- 2.1 Over recent years, the Lothian Pension Fund has developed its in-house investment team in order to generate significant cost savings for the benefit of the pension funds that the Council administers.
- 2.2 There is overlap between the Council and Falkirk in relation to some of the work and operations required to administer the investments of their respective pension funds. Lothian Pension Fund and Falkirk have been working together to identify certain areas of activity that could appropriately be shared through effective collaboration to generate mutually beneficial cost and other efficiencies.

### Main report

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- 3.1 The proposal is that the Council enters into a resourcing agreement with Falkirk Council whereby it agrees to second staff on a part time basis to Falkirk to perform a restricted set of activities in return for a payment of the appropriate portion of salary and other “on-costs” for the time the relevant staff spend on secondment. Importantly, there will be a significant degree of overlap/duplication between work carried out for Falkirk by the seconded staff and that which they necessarily need to carry out for the Council. This is critical to the arrangement being worthwhile and efficient for both the Council and Falkirk and to avoid the risks associated with the Lothian Pension Fund itself becoming understaffed or needing to recruit further resource for its own purposes.

- 3.2 The seconded staff will take direction and instruction from the relevant senior managers within Falkirk while on secondment and, while carrying out seconded activities, will be deemed to be carrying out functions for Falkirk with accompanying liability implications.
- 3.3 It is anticipated that the majority of the work carried out by the staff, while on secondment to Falkirk, can be done remotely from within the offices of the Lothian Pension Fund. Staff may however be required to travel to Falkirk's offices on a limited basis in order to effectively perform their functions for Falkirk while on secondment.
- 3.4 The seconded staff will nevertheless continue to be employed directly by the Council, with no impact on their employment terms and conditions, and will be required to enter into a secondment agreement with the Council governing the nature of their part-time secondment. The Lothian Pension Fund has kept staff informed of the discussions with Falkirk and formal consultation with the affected staff is underway. No concerns have arisen from this process.
- 3.5 The secondment arrangement will require the Lothian Pension Fund to record the time each staff member spends on secondment with Falkirk, so that this can be discussed and assessed by both the Council and Falkirk on an ongoing basis with a view to ensuring that the arrangement continues to work effectively in the interests of both parties.
- 3.6 The resourcing arrangement is also sufficiently flexible to allow it to be expanded or contracted from time to time in a manner that would be mutually beneficial for both the Council and Falkirk. Monitoring will ensure that the time spent by each member of staff seconded to Falkirk will be less than 30%.

## Measures of success

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- 4.1 The Council would achieve cost savings in relation to the operation of its in-house investment function and also generate other efficiencies through effective collaboration with Falkirk.
- 4.2 The resourcing arrangement would also provide equivalent benefits for Falkirk.

## Financial impact

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- 5.1 The secondment arrangement will enable the Council to make savings around the operation of its in-house investment team and the administration of its investments. While the exact amount will vary from year to year, the annual saving for the Council is anticipated to be in the region of £120,000.

## Risk, policy, compliance and governance impact

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- 6.1 The secondment arrangement does not involve the Council incurring the same level of liability as it might through the provision of services to Falkirk, as it will not generally be liable for the actions of its staff while on secondment.
- 6.2 The Lothian Pension Fund needs to closely monitor the secondment arrangement to ensure that it continues to operate properly and within the parameters agreed between the Council and Falkirk from time to time.

## Equalities impact

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- 7.1 There is no equalities impact as a result of this report.

## Sustainability impact

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- 8.1 There is no sustainability impact as a result of this report.

## Consultation and engagement

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- 9.1 The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to the governance of the Lothian Pension Fund. They attend meetings of the Pensions Committee.
- 9.2 Consultation and engagement with associated staff and trade unions will be important as the arrangement is put in place.

## Background reading / external references

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None.

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## Links

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### Coalition pledges

**Council outcomes** CO26 –The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.

### Single Outcome Agreement

