



## General Purposes Committee

8 April 2024

### Report from the Corporate Director, Finance and Resources

## Administration of the Brent Pensions Payroll

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	One Appendix 1: Timeline of Payroll onboarding
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Ravinder Jassar, Deputy Director of Finance 020 8937 1487 <a href="mailto:ravinder.jassar@brent.gov.uk">ravinder.jassar@brent.gov.uk</a>  Sawan Shah, Head of Finance 020 8937 1955 <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>  Janine Nell, Head of Transactional Finance 020 8937 4034 <a href="mailto:janine.nell@brent.gov.uk">janine.nell@brent.gov.uk</a>

### 1.0 Executive Summary

1.1 This report seeks approval from General Purposes Committee to extend the existing shared service arrangements for pensions administration to include pensions payroll administration.

### 2.0 Recommendation(s)

That the General Purposes Committee:

2.1 Approve the extension to the existing shared service arrangements for pensions administration with Local Pensions Partnership Administration to include pensions payroll administration.

## **3.0 Detail**

### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

### **3.2 Background**

3.2.1 The responsibility for the administration of the Local Government Pension Scheme (LGPS) for the Brent Pension Fund lies with Brent Council. The current pension administration arrangements are delivered through a shared service arrangement which was agreed in 2017 with Local Pensions Partnership Administration (LPPA) and commenced in October 2018. The service includes workflow and document imaging functionality, member and employer online systems, provision of information and calculation of pensions in line with statutory requirements and a dedicated website and customer liaison team.

3.2.2 Officers are recommending further expansion of the current agreement with LPPA by also transferring the administration of the Brent Pensions payroll to the LPPA. If agreed by the committee, the proposed transfer date is yet to be finalised however it is expected to be between October and December 2024.

3.2.3 General Purposes Committee is asked to approve this extension as it is proposed to vary the current shared service arrangement pursuant to a delegation. Therefore, governance have determined that approval by GPC is the most appropriate channel for this decision.

3.2.4 Currently, calculation of pension benefits is completed by LPPA as the Brent Pension Fund's pensions administration partner using the Civica Universal Pensions Management (UPM) system. Subsequently, LPPA pass one-off and payroll payments to the Brent internal Pensions and Payroll teams respectively for processing through Oracle.

3.2.5 Civica's UPM system has built-in payroll functionality however this is currently not utilised by Brent. This proposal seeks to use UPM for the payroll process, which will facilitate the end-to-end processing of calculation of pension benefits and payment of pensions to be carried out on the same system.

3.2.6 From a member's perspective, an integrated pension payroll and pension administration system will enable an improved service and all administration related to pensions will be contained within a single team and all pensioner data will be visible on the existing PensionPoint portal. There are also significant process benefits for Brent because pension payroll data is currently maintained across two systems (UPM and Oracle). Transferring payroll to LPPA will avoid the resource allocated to maintenance of data on both systems.

- 3.2.7 Additionally, pensioners will benefit with access to an online self service portal for important payroll documents such as payslips and P60's which is currently not available. Members will be able to opt into paper communications if desired.
- 3.2.8 LPPA have significant experience in running the monthly pensions payroll for their other local authority clients, they currently run the payroll for 6 of their 10 local authority clients. Therefore, the Brent Pension Fund is in minority of Fund's running a separate payroll. By moving the payroll function we would be utilising their in-house expertise and using a payroll system that is already available and tested.
- 3.2.9 The LPPA payroll offer is a comprehensive service including running the month payroll on the last working day of each month, handling of all pensions payroll calls through the LPPA helpdesk, submissions of BACS and overseas payments to the bank, administration of queries/complaints/FOI's and a general ledger interface to Brent's finance systems.
- 3.2.10 The Fund is currently undertaking a data cleanse exercise to review pensioner payroll records between the internal Oracle system and LPPA's UPM system as this was flagged by the actuary as a data issue at the 2022 tri-annual valuation of the pension fund. This project would have to be completed prior to any transfer of the payroll taking place.
- 3.2.11 If this proposal is agreed, a comprehensive transition and implementation plan will be agreed between officers at Brent and LPPA. As with all aspects of pensions administration, the project will be overseen by the Brent Pension Board and provided with updates on key milestones.
- 3.2.12 An indicative timeline of payroll onboarding is attached in Appendix 1. Additionally, there are expected to be no staffing implications as other payroll related work will be re-distributed within the team to help manage particularly busy periods, such as the mid month payroll.

#### **4.0 Stakeholder and ward member consultation and engagement**

- 4.1 There are no direct considerations arising out of this report.

#### **5.0 Financial Considerations**

- 5.1 The anticipated cost for implementation is expected to be in region of £85k and an ongoing additional cost of c. £12k - £15k per annum. This will be funded by the Brent Pension Fund and is expected to deliver a saving relative to existing payroll contribution.

#### **6.0 Legal Considerations**

- 6.1 The Local Government Acts 1972 and 2000, the Localism Act 2011 and the Local Authorities (Arrangement for the discharge of Functions) (England)

Regulations 2012 give local authorities the authority to delegate (arrange for the discharge) of their functions by:-

- Another local authority;
- The executive of another local authority; or
- A joint committee.

6.2 The Council has delegated its pension administration function to the LPPA and now proposes to extend the delegation to pensions payroll.

6.3 In agreeing any arrangement for extension of the delegation, Officers should have regard to the Council's fiduciary responsibilities to secure best value and value for money.

6.4 The council's statutory pension functions are non-executive functions and are generally exercised by the General Purposed Committee through the Pension Fund Sub-Committee. It can be argued that the decision to expand the shared service pension administration services to include pensions payroll is a non-executive function and that the decision falls to the General Purposes Committee.

## **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 There are no equality considerations arising out of this report.

## **8.0 Climate Change and Environmental Considerations**

8.1 There are no climate change or environmental considerations arising out of this report.

## **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 There are not expected to any staffing implications arising from the expansion of delegations as pensions payroll makes up a small part of payroll services. Other payroll related work will be re-distributed within the team currently dealing with pensions payroll.

9.2 There are no property considerations arising out this report.

## **10.0 Communication Considerations**

10.1 There are no communication considerations arising out of this report.

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources