

By: Chairman Superannuation Fund Committee  
Acting Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 18 November 2011

Subject: **COLLABORATIVE WORKING**

Classification: Unrestricted

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Summary: To update on work underway on collaborative working.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. This report is to update the Committee on areas which could be examined for collaborative working with other South East Councils (the SE7 Group – KCC, East Sussex County Council, West Sussex County Council, Surrey County Council, Hampshire County Council, Brighton & Hove Council and Medway Council).

### **LGPS PROPOSALS ACROSS SE7**

2. Pensions administration were amongst a number of joint procurement activities previously considered by SE7 but this did not progress due to national developments. The Final Independent Public Service Pensions Commission Report (Hutton Report) was published in March 2011 and recommended new initiatives to save costs by sharing administrative services and contracts (which are being trialled by a number of LGPS authorities and Central government across the UK). These should monitor the benefits associated with the current cooperative projects within the LGPS, with a view to encouraging the extension of this approach, if appropriate, across all LGPS authorities.
3. The Environment Agency has lead such a collaborative project in the South West to procure actuarial, benefits and investment advisory services for 6 Authorities on the basis that it is time-intensive and costly to run separate procurement exercises and collaboration provides better value for money in terms of service received and fees paid.
4. It is proposed that the SE7 should consider collaborative procurement of the following services on the basis of single or multi-provider framework arrangements:
  - Actuarial Services (triennial valuation, IAS19 reports, inter-valuation work, admission agreements, employer specific advice);

- Performance Measurement;
- Transition Management;
- Custody (safe keeping and transactions);
- Consultancy (advice on specific investment issues, investment strategy review, asset liability modelling, fund manager selection, and investment reports); and
- Specialist Legal Services.

For Kent there would be no question of including either the Actuarial Service from Barnett Waddingham or the legal service from KCC's in-house Legal Department. Other areas could be in scope.

5. The proposed way forward is:

- Pension Chief Financial Officers to discuss the list of potential service areas where they may be a clear advantage in cooperative procurement:
- The options to be discussed at each Fund's Pension Committee (those charged with governance) to determine the appetite going forward; and
- Any proposals to be reported back to a future meeting of SE7 Leaders.

### **RECOMMENDATION**

6. Members are asked to note this report.

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