

ABERDEEN CITY COUNCIL

COMMITTEE: **Education & Children's Services**

DATE: **11th March 2015**

DIRECTOR: **Gayle Gorman**

TITLE OF REPORT: **Membership of the SEEMiS Group LLP – Pension Scheme Liabilities MOU**

REPORT NUMBER: **ECS/15/009**

CHECKLIST COMPLETED: **Yes**

1. PURPOSE OF REPORT

This report is to seek approval of the Committee to enter into a Memorandum of Understanding with SEEMiS Group LLP (the provider of our schools' Management Information System) and South Lanarkshire Council, and a subsequent legally-enforceable guarantee to South Lanarkshire Council, which require the Council to commit to contributing to any unfunded costs in relation to the LLP's membership of the Local Government Pension scheme.

2. RECOMMENDATION(S)

That the Committee approves the Council's entering into a Memorandum of Understanding (MOU) with South Lanarkshire Council and SEEMiS Group LLP, and a subsequent legally-enforceable guarantee to South Lanarkshire Council, which MOU and guarantee will require the Council to indemnify South Lanarkshire Council on a proportionate basis in relation to any unfunded costs (exit liabilities) which may arise with regard to the LLP's membership of the Local Government Pension scheme (LGPS).

3. FINANCIAL IMPLICATIONS

Acceptance of the above recommendation may result in an additional cost to the ECS Directorate if the LLP ceases to participate in the LGPS. The actual cost (if any) cannot be predicted with accuracy, but based on figures provided for the year ending 31st March 2014, the cost to the Directorate would have been £16,478.10 if the LLP had ceased to participate in the LGPS that year.

Any such cost incurred would be met through existing service budgets.

4. OTHER IMPLICATIONS

Legal and procurement implications

The Council's legal service has been involved throughout this process and has provided the necessary advice on entering into this MOU.

There is a requirement for the Council to enter into this MOU by 31st March 2015, in order for SEEMiS Group LLP to continue operating in compliance with legislation. There is also a requirement for the Council to enter into the guarantee (in similar terms to the MOU) by 30 July 2015.

5. BACKGROUND/MAIN ISSUES

The school Management Information System (MIS) supports schools in the delivery of learning and teaching and in administration. In particular, it assists with reporting to Scottish Government, reporting KPIs and pupil tracking, monitoring and reporting. It also allows schools to effectively manage curriculum planning and timetabling, and provides easy access to shared data and administrative functionality, including attendance and the Educational Maintenance Allowance. Following a decision by the Education, Culture and Sport Committee at its meeting on 21 November 2013, the schools MIS in Aberdeen City is now provided by SEEMiS Group LLP.

At the November 2013 meeting the Committee approved the Council's application for membership of SEEMiS Group LLP and estimated expenditure of £110,000 per annum over 5 years in respect of such membership and the receipt of services from the LLP. It was noted by the Committee that the subscription funding then spent with the previous provider (Pearson Education Ltd) would be reallocated to the LLP, with the cost continuing to be paid from the existing MIS revenue budget, and that no additional funding was required for the subscription.

The Council and three other local authorities were subsequently admitted to membership of the SEEMiS Group LLP, and as a result all 32 local authorities in Scotland are now members of the LLP. The LLP have more recently asked the Council and the three other most recent local authority members to sign a Memorandum of Understanding (MOU) in relation to pension scheme liabilities.

South Lanarkshire Council (SLC) is one of the founding members of the LLP. SLC is required to provide certain guarantees to the Strathclyde Pension Fund in relation to any unfunded costs (exit liabilities) which may arise with regard to the LLP's membership of the Local Government Pension scheme (LGPS). All other local authority members of the LLP are to indemnify SLC in relation to any such unfunded costs. The MOU (and guarantee to follow) sets out the proportion of any exit liabilities

incurred by SLC which would be met by Aberdeen City Council. To summarise, the Council's share of the exit liabilities is proportionate to the value of its subscription. Our subscription currently represents 3.231% of the total of all member subscriptions to the LLP and so, as matters stand, we would currently require to meet that percentage of any exit liabilities. To provide some context the LLP have advised that, for the year ended 31 March 2014, if the LLP had ceased to participate in the LGPS that year, the proportion of exit liabilities attributable to Aberdeen City Council would have been £16,478.10. However this figure would vary over time according to fluctuations in the net pension scheme liability.

It can therefore be seen that the MOU and guarantee require the Council to assume a share of pension scheme liability and that the amount of expenditure which the Council may incur thereunder is indeterminate and cannot be predicted with accuracy. Officers considered that the approval of members ought to be sought before such liability was accepted.

The MOU is stated not to be a legally enforceable agreement but, if signed, it would confirm the Council's intention to enter into a legally enforceable guarantee to SLC to reflect the terms of the MOU.

6. IMPACT

Maintaining the provision of a Management Information System ensures that systems are in place to continue to support schools in the delivery of learning and teaching and in administration.

It addresses areas including:

Corporate Business Plan

- Provide for the needs of the most vulnerable people;
- Help to ensure that all school children reach their potential;

ECS Service Action Plan

- Accelerate progress to improve learning outcomes for specific underperforming groups
- Improve and increase positive and sustained destinations for 14-25 year olds

Equality and Human Rights Impact and Privacy Impact assessments have been carried out in relation to the recommendations outlined in this report, and no significant impacts have been identified.

7. MANAGEMENT OF RISK

Entering into the MOU and guarantee may result in an additional future one-off cost to the Council. Given that this cost would be a percentage

share of a potential future pension scheme liability, the amount cannot be predicted with accuracy.

Officers are confident that any costs over and above those provided for within the annual revenue budget for SEEMiS, would be met through underspends in other existing Education & Children's Services budgets.

8. BACKGROUND PAPERS

There are no background papers associated with this report.

9. REPORT AUTHOR DETAILS

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