

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE, AND
EMPLOYEES.****PENSION ADMINISTRATION SYSTEM UPDATE****Purpose of the Report**

1. To update Members on the alignment of the main Civica Universal Pension Manager (UPM) contract and the contract for the UPM system migration from the Council's on premise Data Centre to Civica's Microsoft Azure Cloud hosting environment into a LGPS Enhanced Solution contract.
2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.

**Information
Background**

1. In March 2021 Pension Committee were updated on the award of a contract to Civica for the continued provision of the pension administration system, Universal Pensions Manager (UPM), from Civica UK Limited (UK) via the Crown Commercial Services Data and Application Solutions agreement. This procurement compliant process allowed a direct contract to be awarded where a system is already in place and would attract very high cost of change.
2. In December 2023 Pension Committee approved funding for the migration of the UPM application to operate within Civica's Microsoft Azure Cloud Hosting environment.

Contract Award

3. Work has been undertaken with Procurement to bring both elements into a LGPS Enhanced Solution contract for a period of 7 years from 1 April 2024 through to 31 March 2031. The following elements will be covered by the contract -
 - a. Move to an enterprise license which will include a one off license cost, support and maintenance and all existing modules and the right to install any newly developed

modules during the lifetime of the contract. An enterprise licence also includes unlimited users so additional licences would not need to be purchased in the future if the pension department grew.

- b. All charges for hosting via Civica's Microsoft Azure hosting environment for the lifetime of the contract.
 - c. A basket of professional services days to be used over the term of the contract at a discounted cost. These days will enable the Pension Office to use these for a variety of matters for example -training, consultancy, additional work on the system, project management to support implementation of the additional modules as part of the transforming pension administration programme.
 - d. Biannual strategic roadmap review and planning events to cover review of current plan of work and progress on activities and to also set out the work and development planned for the second 6 months of the financial year.
- 4. The costs of the pension administration system including the Microsoft Azure cloud hosting environment charges are legitimate charges to the pension fund under governing regulations.
 - 5. The details of the costs are contained within the exempt Appendix A.

Other Options Considered

- 6. Maintaining two separate contracts of differing lengths with Civica, one for the UPM system and another for the Microsoft Azure hosting environment is not efficient and would also incur additional cost for the management of two contracts.
- 7. Consideration has also been given to any impact on the current "Transforming Pension administration and new ways of working" programme of maintaining separate contracts given the level of investment by the Fund in the digital developments of the UPM system, ensuring that the Fund is able to fully comply with the requirements laid down by the Pension Regulator in the new code of practice and in particular the requirements around cyber security. The Fund has no plans in the future to move to another system.

Reason/s for Recommendation/s

- 8. As the Administering Authority, Nottinghamshire County Council must ensure that it has in place a fully functioning and operational pension administration system to enable it to be able to fully meet its administration obligations to all scheme members and employers and its statutory responsibilities.

Statutory and Policy Implications

- 9. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public-sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

10. A Data Privacy Impact Assessment (DPIA) has been completed and signed off for the Civica UPM system. As and when new modules/changes are implemented the DPIA will be reviewed and updated in accordance with the requirements from Information Governance and ICT.

Financial Implications

11. The financial implications are set out in the exempt appendix A.

Human Resources Implications

12. There are no human resources implications arising from this report as the update set out in the report relates to the existing system used in the pension administration office.

RECOMMENDATION/S

It is recommended:

- 1) That the alignment of the two contracts into a LGPS Enhanced Solution contract with Civica is supported for a period of 7 years from 1 April 2024 through to 31 March 2031.

Marjorie Toward

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For any enquiries about this report please contact:

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Constitutional Comments (KK 26/02/24)

13. The report is for information purposes only to update Pension Fund Committee.

Financial Comments (TR 26/02/24)

14. The financial implications are set out in the exempt appendix. The costs of the Civica UPM system including hosting costs are valid charges to the pension fund.

HR Comments (JP 27/02/24)

15. There are no specific HR comments in respect of this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

All