

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

1. To provide Members with an update on the continued provision of the pension administration system, Universal Pension Manager (UPM) supplied by Civica UK Limited (Civica) to the Nottinghamshire LGPS Pension Fund.
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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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. Nottinghamshire County Council is the Administering Authority for the Nottinghamshire Local Government Pension Fund. In its capacity as Administering Authority the Council provides a pension administration services to 142,812 members (active, deferred and pensioners, figures as at 31 March 2020) and 342 active scheme employers.
2. The Administering Authority has a statutory responsibility to ensure proper administration of the Local Government Pension Scheme (LGPS). The provision of a pension administration system is business critical and supports the Pension Office to meet its administration obligations to all scheme employers and members and statutory responsibilities.
3. Recent years have seen a series of legislative changes to LGPS rules, making the service significantly complex as time goes by.
4. In December 2014, following an EU compliant procurement via the Kent Framework, the Council, on behalf of the Pension Fund, awarded a contract to Civica for the provision of their pensions administration system, UPM with a contract end date of May 2019.
5. The initial period of the contract was for five years with the option to extend for a further two years. The option to extend was taken and the existing contractual arrangements are due to

expire in May 2021. Under the Kent Framework the contract cannot be extended or renewed any further meaning that there is not an option to do nothing.

Civica Universal Pension Manager

6. The UPM pensions administration system is used by the Pension Office to produce benefits calculations, generate letters and reports, hold document images, manage tasks through workflow functionality and maintain data relating to individual members benefits and information about scheme employers.
7. The Pension Regulator has stipulated that it expects pension funds to enable scheme employers and members to interact with the Fund via digital platforms.
8. Scheme members and employers increasingly expect to be able to use digital and on-line media to interact with the Fund, and for services to be accessible remotely and outside normal business hours. The Fund also needs to be able to exploit the efficiency and cost benefits of communicating and working digitally, as a contribution to overall cost management and value for money. Introducing new ways of working will improve efficiency, maximise value for money and improve the customer experience for both scheme members and employers.
9. In September 2019 Pension Committee approved the “transforming pension administration through digital development and new ways of working”. The pension administration system is a vital component in deliver of this programme.
10. The pandemic and the adjustments made by the Pension Office to working remotely since March 2020 have also highlighted the benefits of the move to digital services, including increased automation and speed enabling UPM to process the more straightforward casework allowing staff more time to concentrate on complex cases and other areas of work, significantly reduce manual inputting and amending of member data, ensuring that employers fulfil their responsibilities as a scheme employer within the Fund and for scheme members to be able to self service and access their pension record 24/7.

Contract Award

11. Working with Procurement colleagues the Pension Office have considered all the available procurement routes and completed an options analysis. The outcome has been to award a contract to Civica via the Crown Commercial Services Data and Application Solutions agreement. This procurement compliant process allows a direct contract to be awarded where a system is already in place and would attract very high cost of change.
12. The contract will be awarded for a period of 5 years with an optional extension of up to 2 years at the Administering Authority’s discretion.
13. The costs of the pension administration system are a legitimate charge to the pension fund under governing regulations.
14. The contract will cover the following elements

- a. A relicense of the current UPM software installed and licensing of additional modules to be implemented as part of the transforming pension administration programme. The inclusion of the additional modules within the direct award saves time, effort and cost of individual procurement exercises. This option also enables the Council to work closely with our partner, Civica to agree a firm implementation project in advance. The relicensing costs are a one-off fee which includes 40% discount against the individual purchase of the additional modules.
- b. A basket of professional services days to be utilised over the initial term 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.
- c. Annual support and maintenance fees. As additional modules are installed the support and maintenance costs for these will be incurred as and when they are installed and not at the time of re-licensing.

15. The details of the costs are contained within the exempt appendix A.

Other Options Considered

- 16. To undertake a further competition using a framework for pension administration systems. However, by awarding a contract through a compliant procurement process to the existing system provider the Fund will avoid additional, possibly sizeable, costs for activity such as data migration, officer training and reduction in productivity whilst any new system is implemented.
- 17. Consideration was also given to any impact on the current “Transforming pension administration through digital development and new ways of working” programme if the outcome of a procurement process was to switch to an alternative system.

Reason/s for Recommendation/s

- 18. 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

- 19. 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

20. A Data Privacy Impact Assessment has already been completed and signed off for the Civica UPM system. This will be reviewed and updated as and when new modules are implemented.

Financial Implications

21. The financial implications are set out in the exempt appendix.

Human Resources Implications

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

RECOMMENDATION/S

It is recommended:

- 1) That the awarding of the contract to Civica be endorsed.
- 2) That Committee considers whether there are any actions they require in relation to this report.

Marjorie Toward

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For any enquiries about this report please contact:

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Constitutional Comments (CEH 24.02.2021)

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

Financial Comments (KRP 02.03.2021)

24. The financial implications are set out in the attached appendix. The costs of the Civica UPM system are a valid charge to the pension fund.

HR Comments (JP 24.02.2021)

25. 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' or start list here

Electoral Division(s) and Member(s) Affected

'All'