

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES**

**LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION
ADMINISTRATION**

Purpose of the Report

1. To seek approval from members on the development of a programme of work to transform pension administration through digital development and implementation of new ways of working.

Information

Background

2. 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 service to 146,060 members (active, deferred and pensioners, figures as at 31 March 2019) and 341 active scheme employers. There has been a substantial increase in the number of scheme employers from 260 in 2014-2015 to 341 in 2018-2019, which is a 31% increase.
3. The LGPS is under greater scrutiny through the enhanced role given to the Pension Regulator which requires Funds to demonstrate that compliance has been achieved across a wide range of activities on an ongoing basis.
4. The LGPS has become increasingly complex due to the frequent changes in legislation, regulation and best practice guidance. A significant number of members of the scheme have service which covers several LGPS regulations - the pre and post 2008 final salary scheme and the post 2014 career average scheme which brings a level of complexity to their pension calculations.
5. A key requirement to pension administration is good quality data, without it the administrators are unable to process requests from scheme employers or members. Nottinghamshire Pension Fund collects and holds large amounts of data and is reliant on the timely receipt of quality data from employers to administer the pension fund and pay the correct benefits to members when they become due. Continual issues with poor quality and missing data provided by scheme employers can impact funds in several ways including reputational risk

and fines from the Pension Regulator, valuation risks, which affect members and impact on administration.

Digital Transformation

6. The County Council has been reviewing its approach to digital transformation. We live in a digital age. Customers expect to be able to interact with organisations online, 24/7 and self-serve. The Council has drafted its Digital Strategy for 2019 -2021 and outlined a cross council programme “Improving Customer Experiences through Digital Development”. This programme of work will build on digital good practice in Nottinghamshire and elsewhere and ensure that work is undertaken, and new developments are consistently applied across the Council to improve efficiency, maximise value for money and improve the customer experience for all.
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. To align with the Council’s draft digital strategy and to address the Pension Regulator’s requirement for digital interaction, the Pension Administration Service has taken the opportunity to review and reflect on its own digital journey and look at what other LGPS administration services are doing to improve their administration service.
9. As part of its digital journey the Pension Administration Service has already launched a redesigned website, providing members and scheme employers with a wealth of information and access to a significant number of forms for members to use in their interaction with the Fund.
10. Work has progressed on improving data held by the Fund, following approval of the data improvement plan by Pension Committee in April 2018. The GMP Reconciliation project will also contribute to the data improvement work as the final stages of this project are completed.
11. Another project is already underway in configuring a scheme employers’ portal which will provide a “digital front door” for scheme employers to interact with the pension administration service. This is due to be piloted with a large scheme employer during the summer.
12. Work has also been undertaken to look at what other LGPS administration services are doing. A number have already developed or are in the process of developing a “digital first” programme which will enable them to interact on a digital platform with scheme employers and members, introduce new ways of working which will improve efficiency, maximise value for money and improve the customer experience for both scheme employers and members.

Benefits to be delivered from transforming the delivery of pension administration

13. The use of technology would be maximised, in particular new functionality which has recently become available within the Civica UPM pension administration system, such as process automation, system validation, self-service portals and monthly returns from scheme employers. This would mean high percentages of work being completed in a “batch approach” taking minutes to process rather than individual cases being processed. Data improvement and a much more efficient use of skilled administrators would result.

14. The advantages of implementing secure self-service portals for both scheme employers and members is that they would be able to do more for themselves online which would result in the removal of paper processes and double keying of data leading to increased efficiency and ultimately reduced cost to the Fund.
15. The benefits for members is that they would be able to self-serve by accessing online services including personal information, viewing annual benefit statements, applying to access estimates and their benefits and other services to enable them to manage their pension.
16. Through improved data quality and increased automation, it would enable the Nottinghamshire Pension Fund administration service to move towards “administration by exception” and transform the pension administration service offering. Ensuring the right people are doing the right tasks at the right time. Making optimal use of resource enabling our skilled administrators to concentrate on dealing with complex issues, whilst the automation takes care of the every day tasks where possible.
17. This programme will support the Fund to meet increasing regulatory compliance requirements and standards on reporting, for example the Pension Regulator requirement for Funds to improve the quality of their data quality and the Regulator’s expectation that Funds enable scheme employers and members to interact with the Fund via digital platforms.
18. It is now recommended that all aspects of the Pension Administration digital journey are pulled together under one overarching programme - “Transforming Pension Administration through Digital Development”. This programme will provide a focus to align synergies between existing and new projects to be commissioned, ensuring that the interdependencies are understood, and benefits exploited through the use of digital tools to maximise automation, remove manual and duplicative steps, and also align with benefits from the wider corporate programme where possible.
19. This programme will ensure that the Nottinghamshire Pension Fund Administration Service can operate as a leading-edge administration service through improving the customer experience, ensuring regulatory compliance whilst delivering an efficient and cost-effective service.

Next Steps

20. It is proposed that a programme is scoped for consideration by Nottinghamshire Pensions Committee at a subsequent meeting. This would include details of resources that would be required to deliver a phased programme of transformation and digital development and also indicate savings that would be realised through the delivery of the programme.

Other Options Considered

21. The Pension Administration Service could continue to operate as it currently does but this is not considered a viable option given both the increasing legislative demands and increasing number of scheme employers, members and their expectations in this digital age.

Reason/s for Recommendation/s

22. With increasing number of scheme employers and members; as well as increasing compliance requirements the service would need to look at increasing the number of skilled administrators within the team. A digital programme would enable all stakeholders of the services to benefit from interacting with the administration team via digital services, as well as meeting the Pension Regulator expectation for stakeholders to interact with the Fund via digital platforms.

Statutory and Policy Implications

23. 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

24. An overall high-level Data Privacy Impact Assessment will be completed for the programme and kept under regular review. The potential data protection impacts of specific developments will be considered and reviewed on an ongoing basis as the work of the programme progresses.

Financial Implications

25. At this point it is not possible to quantify the level of any potential savings which could be delivered or the potential costs of the programme. This level of detail would be included within a further report to Pensions Committee detailing the scope of the digital programme.

Human Resources Implications

26. It is not possible to identify the potential implications for employees in any great detail at this stage. These could include changes to the work undertaken by our skilled administrators and new more flexible ways of working.

RECOMMENDATION/S

It is recommended that members

- 1) Consider the report and agree to the scoping and development of a programme of work to transform pension administration through digital development and new ways of working.
- 2) Agree to receive a further report in September.

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Constitutional Comments (KK 09/07/2019)

27. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (RWK 08/07/2019)

28. The report proposes the scoping and development of a project initiation document proposing a programme of transforming pension administration through digital development and new ways of working. This programme of work will incur a number of costs and result in potential savings which will be detailed in a future report to Committee. Any costs incurred and savings arising will accrue to the Pension Fund.

HR Comments (JP 08/07/2019)

29. Any potential changes in working practices as a result of the digital development programme will be introduced in line with the appropriate policies and procedures.

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