

Agenda Item No 4(b)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE**

7 February 2017

Report of the Director of Finance

PENSIONS ADMINISTRATION ACHIEVEMENTS AND CHALLENGES

1 Purpose of the Report

To summarise recent achievements made in the area of pensions administration, identify the challenges to further development and assess options going forward.

2 Information and Analysis

Achievements

As well as meeting core business priorities, such as retirement processing and accounting standards, progress has been made in a number of areas since December 2014 including

- Achieved compliance with the Pensions Regulator Code of Practice
- Developed and published the Pensions Administration Strategy
- Developed collaborative links and initiatives with Leicestershire Pension Fund
- Maintained the Risk Register
- Set up an interface with the DWP's 'Tell Us Once' facility and completed existence checking for pensioners abroad
- Developed barcoding to assist with the distribution of forms received in the post
- Developed and implemented a Service Level Agreement with DCC's Shared Services Centre covering provision of the pension payroll service
- Improved the process around the determination and payment of children's' pensions
- Completed two stages of the GMP Reconciliation Project
- Eliminated backlogs of County Council and City Council new joiners
- Developed and implemented new employer process
- Communicated with Fund members across the county via events organised in partnership with the Prudential
- Improved communications with employing authorities

Challenges

These are positive achievements, and staff have worked hard to achieve them. However, the team's ability to deliver and continually improve the service during that period has been made more difficult by two factors. Firstly, the section was not resourced to deal with the complexities and demands of pensions administration after LGPS 2014, alongside the implementation of a new pensions administration system. This was due to an inability to attract suitably experienced staff, despite efforts to do so. Secondly, the pensions administration system itself, Civica UPM, has failed to meet the expectations originally set by the supplier.

Resourcing is identified on the Risk Register because LGPS administration has developed into such a complex and specialist role, and the scale of this has surprised most LG Pension Funds across the country. Steps have been taken to address this, including adding certain posts to the establishment, the clear re-defining of specific roles, and the development of an internal training capacity to ensure that new staff are contributing positively as promptly as possible. Work in this area continues and there have been some key appointments made recently.

A great deal of work has also been done with Civica and with other users of the system to try to develop UPM into a state where its processes and calculations are efficient and accurate. This, however, has met with limited success, which is demoralising for the staff using the system. It is clear that large metropolitan Funds such as West Yorkshire and West Midlands, are able to maintain an internal team of Information Technology specialists, who also have LGPS knowledge, to adapt Civica's software and make it fit for purpose. This is not feasible in Derbyshire and, although we share and borrow ideas from others, the nature of the UPM system means that no two sites are configured in the same way. Furthermore, Civica appear unable or unwilling to improve their bulk processing software, which takes so long to run that it effectively brings the Annual Benefit Statement target date forward to mid-August. This makes it more difficult to achieve the statutory deadline.

The first review date in the contract between Derbyshire County Council and Civica occurs in November 2018, so it is appropriate now to assess the achievements and successes of Civica UPM against the difficulties which still exist. Officers are therefore liaising with colleagues in other authorities in a similar position to Derbyshire as to possible solutions presented by the inadequacies with the Civica UPM system.

The outcome of this assessment work will be reported to the next meeting of the Pensions and Investments Committee with details of the factors considered.

3 Financial Considerations

The costs of resourcing the Pensions Administration team are met by the Pension Fund.

There are financial aspects to be considered in arriving at the best systems decision for the Pension Fund, and these will be discussed in more detail in the next report to Pensions and Investments Committee on this matter.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered: legal and human rights, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder.

5 Officer's Recommendation

That Members note the contents of this report.

PETER HANDFORD

Director of Finance