

PENSION FUND COMMITTEE – 2 DECEMBER 2022

PENSON ADMINISTRATION SYSTEM REVIEW

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

- a) **agree the extension of the current system contract, as allowed for within the contract and**
- b) **ask officers to bring forward a proposal to the March meeting as part of the 2023/24 Business Plan to identify options to address the current weaknesses in the employer database offering, to maximise the use of the current system functionality and to ensure the Fund is fully prepared to run a full procurement exercise at the end of the agreed extension.**

Introduction

1. As part of the 2022/23 Business Plan, this Committee agreed as a key objective for the current year was to explore the options around improving the system technology currently available to the Fund. In particular, the Committee were keen to see a holistic offering where all component parts were fully integrated and offered a seamless service to scheme members, scheme employers and the Fund's officers.
2. The work was timed to co-incide with the extension clauses within the current contract which allowed for a 5 year extension to the current contract, which would otherwise end in the summer of 2024. Given the timescales associated with a full procurement exercise, the decision to extend or undertake a full procurement need to be taken at today's Committee meeting.
3. As part of the budget agreed within the 2022/23 Business Plan, resources were added to provide external support to the support the system review work. Hymans Robertson were appointed to provide this external resource.

EXEMPT INFORMATION

4. The report from Hymans Robertson on the outcomes of their review is included as Annex 1 to this report. This includes information of a commercial nature relating to the 3 suppliers of LGPS System software currently on the LGPS National Procurement Framework.

5. The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the Scheme Provider involved and would prejudice the Administering Authority in negotiating new commercial arrangements and therefore their ability to properly discharge their statutory duties and their fiduciary duty to scheme members.

Review Process and Key Findings

6. The review process and key findings are detailed in Annex 1 in the report from Hymans Robertson. In short, the process involved a short questionnaire to the officers of the Fund, workshops with key Officers from the Pension Teams, and the Council's IT, Procurement and Information Teams, and a review of the offerings from the 3 system software providers on the current LGPS National Procurement Framework, which included follow up meetings with representatives of the 3 suppliers.
7. The key areas where improvements were requested were in respect of:
 - an employer solution which stored and provided ready access to key employer information, including discretionary policies, and improved management of the workflow between the Fund and individual scheme employers
 - greater automation and self-service facilities for both scheme members and scheme employers, to include automatic validation of key information input by the members and employers
 - strong technical arrangements including a single sign-on functionality.
8. It was accepted that any alternative solution would have to deliver significant improvements against those possible through the existing software contract due to the amount of work required to undertake a full procurement exercise, and the timing of such an exercise, which would run alongside the resource intensive tasks of implementing the new Pensions Dashboard and delivering the McCloud remedy.
9. During the workshop, it became clear that we are currently not fully utilising the functionality of the existing system, and in particular some of the self-service options that would allow members to upload documents or initiate and track service requests. Undertaking work to improve our current use of the system would have immediate benefits to scheme members and improve the efficiency and effectiveness of the team, but also ensure we were better prepared for any future procurement exercise where we would not be faced

with the need to update our policies and procedures at the same time as running a system transition. It was also noted that the current backlog of work as covered in the Administration report elsewhere on the agenda would add to the complexity of procurement exercise, where gaps in data or inaccurate data would need to be addressed as part of the transition.

10. In terms of the gaps in the provision of employer solutions, it was noted that a number of Funds have gone down the route of implementing a standalone employer database. In the absence of a full procurement, it was accepted that this option should be further explored, both in respect of the short-term service benefits it could bring, as well as the medium term benefit of ensuring the Fund was in a better place to manage a system transition on the future.

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