

Sutton and Kingston Shared Pension Service **Background Note**

Background

Both Kingston and Sutton Council pension administration teams operated previously used Axise pension system supplied by Heywoods for a number of years.

In September 2013, Heywoods gave notice to both Councils that Axise would be decommissioned on 1 January 2015 and that all their customers would be required to 'upgrade' to their web based system, Altair.

The upgrade cost to the Pension Fund for both authorities would be in the region of £1m. A full options appraisal of the market was conducted.

The conclusions from the options analysis made the following recommendations to both Kingston Commissioning Support Board (CSB) and Sutton Corporate Management Team (CMT) in February 2014; they were grouped into two phases;

Phase 1

- to jointly re-commission a new pension system and call off Kent Council Pension Framework.
- to implement the successful procured system by December 2014
- to achieve financial savings on purchase and ongoing support costs
- to implement the self-serve modules that are available on products on the framework in early 2016.

Phase 2

- to implement a fully shared service between Kingston and Sutton pension administration teams

A mandate to implement phase 1 and phase 2 was given by both CMT in Sutton and the CSB in Kingston.

Phase 1 update

Civica were awarded the contract in April 2014 and following successful data cleansing, data conversion, training and user acceptance testing from the legacy system to Civica's product UPM, the new system went live for both pension teams in December 2014.

A number of migration issues affecting processes and calculations compounded by new pension legislation meant that the majority of 2015 has been spent rectifying the issues as well as configuring the standard product to meet the two team's local needs.

Employer Self-Serve is currently being configured and following successful testing will go live in March 2016 with Member Self-Serve following after.

Phase 2 update

Following the successful migration to a new system, a business case with an in depth options analysis was presented to the Strategic Director Resources and Kingston CSB and in August 2015 and demonstrated the benefits of sharing the

Kingston and Sutton pension administration teams. The benefits of the proposed option are;

- to capitalise on improving resilience between pension officers to manage increases in work that occur throughout the year, especially when re-structures take place across the organisation.
- to pool pension related knowledge from both teams as well as experience gained from each team learning to use the new system since go live in December 2014.
- to drive out any further financial savings that have already been realised from jointly procuring one software system.
- to create a structure that would allow for succession planning and reduce the risk created by loss of skills and experience. LGPS is a technical area where experience of the different schemes is essential. There is a shortage of this experience in the market.
- the potential for creating a commercial opportunity particularly as more sites migrate to Civica UPM over the coming years.

The case to share both teams was agreed.

Employing authority

Following business case sign off one authority has to act as the employer for the staff in a shared service and to this point it had leaned disproportionately towards Kingston, for this reason, it was proposed that Sutton is the employing authority

A project team is in place to manage the delivery of the phase 2.

This project is part of a growing body of successful shared service work between the two councils, and a fundamental principle underpinning this work is that all of these services are truly shared and jointly led.

Governance

Therefore it is the governance arrangements for the new shared service that will drive all the decision making regarding the shared service. Sutton Council, as the employing authority, will have administrative responsibility for the staff and associated support but the business case proposed a shared management structure that would be responsible for the implementation and delivery of the new shared service including;

- set strategic direction and associated activities
- agree future revenue and capital investment related to the pension administration service
- monitor the performance and progress of the shared service against a common set of performance standards and ensure that planned benefits are realised
- manage priorities and planning issues arising out of each organisation's change programmes that will rely on the shared service.

To support with the shared approach to managing the service, meetings would alternate between Sutton and Kingston.

It is important to note that the scope of this project is to share only the pension administration teams. Each Council will continue to manage their own pension fund; The Kingston Pension Fund Panel and the Sutton Pension Committee, both of which are Member led bodies. They both receive regular reports on the performance of the administration teams and it is therefore proposed that the shared service management board continue to each body.

It is proposed that the membership of the shared management board include; director and head of service level from each council as well as the senior management team of the shared service.

Timescales

The new shared service will go live in April 2016.

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