



Aquila Heywood

Delivering Pensions Reform

Case Study

Implementing a **new Public Sector administration system** by April 2014

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Key Figures



80

local government administering authorities within the CLASS group



over 4 million

members within the Local Government Pension Scheme (LGPS)



over 300 users

attended training across 14 venues



40 years

partnership between the CLASS group and Aquila Heywood

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Background

All public sector pension schemes are undergoing what are probably the biggest changes in our lifetime. **The Public Service Pensions Act 2013** introduced major amendments to benefit structures and contribution rates as well as implementing new cost control mechanisms, governance and regulatory changes.

The timeline was always going to be challenging. The Local Government Pension Scheme (LGPS) for England and Wales, **covering over four million members**, was in the vanguard implementing the changes on 1 April 2014.

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The Challenge

The challenge was to ensure that a new pension administration system would be in place by 1 April 2014 to ensure there was a smooth transition, taking account of all the changes and with no disruption to the scheme members.

As the structure of the schemes was changing from benefits based on 'final salary' to Career Average Revalued Earnings (CARE), this meant the development and implementation of a whole new calculation suite.

This became even more challenging as the detailed regulations that governed the changes were not available.

The biggest risk for our 70 local authority customers that administer the LGPS across England and Wales was not having systems and automated calculations in place from day one.

The calculations are particularly complex for members with transitional protection who get the better of old and new benefits.

We also had to be flexible enough in our development approach and delivery to cater for future changes to the structure that might be introduced through the cost control mechanism introduced by The Public Service Pensions Act 2013.

“ This was the biggest public sector project we had ever undertaken. ”

“ The Royal Borough of Windsor and Maidenhead identified a need to reduce the amount of time its payroll administrators spent on pension administration, while still providing all the data the Pension Fund needs to fulfil its duty as an employer of the LGPS. ”

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Collaborating for success

Our approach was to obtain as much information as possible from the policymakers and negotiators throughout the process. To achieve this, close working relationships were developed with the Local Government Association, the Department for Communities and Local Government and the Government Actuary's Department.

A critical success factor of the project was also our collaboration with the CLASS group. This group comprises over 80 local government administering authorities throughout the UK working together to deliver common pension solutions saving time and money.

We have worked with them for 40 years and our close relationship and experience enabled us to deliver effective solutions.

We set up three separate workgroups with CLASS, covering documentation requirements, the setup and configuration of web services and the technical aspects of the legislation and calculations.

Project meetings were held on a frequent basis with subject matter experts in attendance to provide valuable input and help track that was a fluid situation within a complex project.

We conducted several open webinars with administrators to demonstrate and discuss developments during the process as well as receive valuable feedback as part of the collaborative approach.

The very nature of the project meant targets were forever moving, so our technical approach was to employ agile development methods. This enabled us to develop the required calculations with regular short deadlines to ensure the team could review and react to changes when they occurred.

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Collaborating for success

Early development effort was concentrated on the structure of the new CARE benefits for new members.

The main scheme regulations were laid before Parliament on 19 September 2013 and enabled further development of the new structure. The main challenges still lay ahead in the complex transitional arrangements for the existing members moving to the new basis. It was also clear that the solution would have to be both robust and flexible to satisfy the inevitable late requirements, close to the go-live date.

The strong relationships forged with the key stakeholders allowed us to anticipate probable regulatory requirements, but there could be no certainty of the final position.

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Flexible approach

Despite the enormity of the challenge, we were able to call upon many years of knowledge and experience of working on draft legislation within the public sector. The decision was made to develop a 'soft' solution based on variables that could be adapted and changed in line with the developing legislation. If we had waited until all the requirements were finalised, our 70 customers in England and Wales would not have had the system in place for April 2014. We needed to have completed development of the initial release ahead of the final legislation.

Where there was more than one route that a part of a calculation could take, we developed techniques that enabled the team to program as much of each route as possible and allow variables to determine which route the final delivered solution took.

This approach minimised the risk of unnecessary developments while maximising the functionality that could be delivered in the first solution. Early developments were supplied to a number of customers acting on behalf of the other LGPS funds who agreed to help with shaping the solution and conducting early user testing.

“*Aquila Heywood consultants delivered training to over 300 users across 14 venues as well as holding six regional sessions with over 41 clients attending.*”

Delivering Public Sector Reform **Ahead of the game**

Despite the transitional regulations not being finalised until three weeks before the April implementation and a delay in receiving guidance from the Government Actuary's Department, we provided all of our customers with an administration system to support the benefit changes ahead of the deadline.

Thanks to the innovative development techniques used, any future upgrades would require just a small upgrade rather than a major overhaul.

As a result, our 70 LGPS customers were able to administer their schemes efficiently in line with the new requirements.

Over four million members were unaffected by these major changes.

For more information, contact us on enquiries@aquilaheywood.co.uk or visit our website: <https://www.aquilaheywood.co.uk>