

**Decision Maker:** PENSIONS INVESTMENT SUB-COMMITTEE

**Date:** 27<sup>th</sup> January 2021

**Decision Type:** Non-Urgent                      Non-Executive                      Non-Key

**Title:** MEMBER SELF-SERVICE & I-CONNECT

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**Ward:** Borough Wide

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**1. REASON FOR REPORT**

1.1 The purpose of this report is to provide information regarding the forthcoming implementation of the Member Self-service portal and i-Connect, the data management portal.

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**2. RECOMMENDATIONS**

**2.1 The Sub-Committee is asked to note:**

- (a) the proposed changes to the contract for Pension System to Aquila Heywood and the impact that these changes will have on fund administration at the Council**

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## Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: Recurring Cost. Total administration cost £5.1m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)
  3. Budget head/performance centre: Pension Fund
  4. Total current budget for this head: £44.6m expenditure (pensions, lump sums, etc); £49.8m income (contributions, investment income, etc); £1,313m total fund market value at 31<sup>st</sup> December 2020
  5. Source of funding: Contributions to Pension Fund
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## Personnel

1. Number of staff (current and additional): 0.4 FTE
  2. If from existing staff resources, number of staff hours: c14 hours per week
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## Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended), LGPS (Management and Investment of Funds) Regulations 2016.
  2. Call-in: N/A.
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## Procurement

1. Summary of Procurement Implications: N/A
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,089 current employees; 5,663 pensioners; 6,068 deferred pensioners (for all employers in the Fund) as at 31<sup>st</sup> December 2020.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### The Pensions System contract from Aquila Heywood

- 3.1 The Pension Fund has been using the Pensions System from Aquila Heywood since 2005. The last contract was renewed on 1<sup>st</sup> October 2013 with the expected end date on 30<sup>th</sup> September 2018. However, there was an option to extend the contract for a further 4.75 years after the initial 5-year term has expired. During July 2018, Executive agreed to extend the Pensions System with Aquila Heywood until 30<sup>th</sup> June 2023.

#### Member Self-service (MSS)

- 3.2 The current Pensions System Contract provides the core Altair software and associated modules such as Altair image, Workflow and online SEAM MSS (the old MSS). The SEAM MSS is an online portal that allow members to access their benefit information, including their annual benefit statement and pension projections. The Fund set up SEAM MSS in 2005 but it was discontinued from April 2020 as Aquila Heywood reformed their MSS to a new platform to take advantage of the latest technology and maintaining a high level of security.
- 3.3 In July 2019, Liberata completed its annual IT system audit and they concluded the SEAM MSS has failed a Public Service Network (PSN) assessor, which may cause personal data breach occurring through unauthorised access to the system. Aquila Heywood was unable to upgrade the SEAM MSS because it was coming to the end of its life and would not be available after March 2020. As the result, the SEAM MSS was switched off in August 2019 and Aquila Heywood offered the Fund the new MSS module which does not have the above vulnerabilities. Unfortunately, due to the pensions manager role being vacant the time the Fund was unable to migrate to the new MSS.
- 3.4 The new MSS provides internet and intranet facilities to enable all employees, past, present and future to access their individual information, update data, view documents and carry out “What if...” modelling. The main functionality includes:
- Online benefit calculations for members, including retirement (excluding ill-health) and transfer value estimates
  - Online benefit statements that pull data straight from the Altair database with no administrative intervention
  - General scheme documentation can be uploaded by administrator for members to access along with Altair documents generated
  - Members can view and update personal details such as address and benefit nominations. The updates can write straight back to the Altair database, start a workflow or notify administrators via e-mail
- 3.5 In addition, the new MSS can be accessed through multiple devices, such as tablets and mobile phones, delivered in a modern looking, clean and responsive design. Unlike SEAM MSS, members can upload documents and forms via MSS which triggers a workflow in Altair for Liberata. Also, there will be strict security controls including the requirement for members to register and manage their passwords and security questions and answers.
- 3.6 Liberata established that approximately 300 members had logged into SEAM MSS in 2018/19 and many more had registered. Liberata has reported that from previous experience they found MSS dramatically reduced the number of queries and estimates requested. In the 2019/20 financial year (SEAM MSS was live for less than 3 months), there were 352 retirement estimates (6% increase from 2018/19) and 154 transfer-out quotes (47% increase from 2018/19).

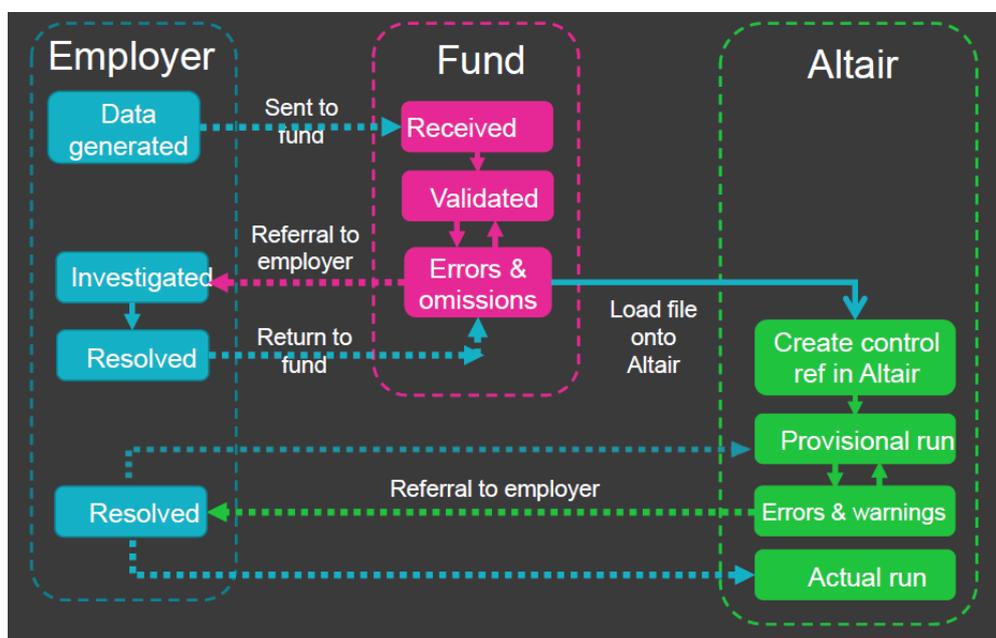
- 3.7 The new MSS will create additional responsibilities for Liberata, such as:
- Liaise and assist Aquila Heywood with the set-up
  - Communicate member login detail once they have registered
  - Once member has uploaded documents and forms, they will need to be reviewed and processed accordingly
  - Responding to queries from members based on their MSS projections
- 3.8 Additionally the reduction in the number of queries and estimates requested over the long-term will enable Liberata to concentrate on key strategic activities rather than focus on mundane administrative tasks.
- 3.9 The Council contacted other pension fund and was able to receive a demo session from Surrey County Council and useful feedback from Greenwich. Both Funds have received positive feedback from their members especially in relation to the new layout, which was clearer and easier for members to understand. However, both funds expressed that it was a challenging project as certain applications were complicated and rigorous testing was needed before launch.
- 3.10 Further details on the new MSS are included in:
- Appendix 1: Bromley MSS Proposal
  - Appendix 2: Fujitsu Case Study

#### i-Connect

- 3.11 Currently, data items such as starters/leavers, contributions and year-end return are submitted by employers to Liberata manually in an excel spreadsheet or word document. Liberata then upload the data onto Altair manually. The fund has been experiencing some backlogs due to out-of-date data and un-notified starters/leavers caused by employer in the year-end data exchange. This increases the number queries from members and creating a risk of not meeting statutory deadlines due to incomplete and inaccurate data.
- 3.12 In the quarterly pension contributions reconciliation, data recorded did not always balance with employer payments received. Also, our current process has no way of identifying member who has not been paying their contribution and the employer doesn't always notify us in a timely manner. It is recommended that a regular reconciliation (that is, monthly) of pension contributions recorded on the members record against the contributions paid by the employer should take place. The year-end work has a significant impact on Liberata's KPIs/customer satisfaction during this time, in particular the administration lag, where data held on a member's record could be up to 15 months out of date.
- 3.13 Overall, the Fund current process increases the risk in the fund not being compliant with TPR's required standards and potentially resulting in of fines being imposed. Also, the statutory deadline for producing annual benefit statements is 31 August each year, and the 'Annual Allowance' statement by 6 October each year would become harder to meet.
- 3.14 i-Connect is an automated data exchange portal that is used between a pension fund and their employers. It allows the fund to capturing all the data required more frequently and eliminating the year-end process. i-Connect will:
- Wherever possible, ensure data is valid at the time of upload by the employer, rather than placing the responsibility and effort on the fund.
  - Automatically verify that employers have made the appropriate file submissions.
  - Eliminate the need to amend input files, thereby improving the audit trail.

- Automate submission for employers and improve customer satisfaction.
- Reduce the need for IT skills within Bromley Pension Fund, increasing the focus on core pension activities.
- Improve the overall quality and availability of data, reducing downstream pension administration costs.
- Provide management information.
- Improve regulatory and legal compliance.
- Increase productivity and efficiency (electronic versus manual).
- Provide increasingly accurate and valuable data relating to key performance indicators, which will allow managers to manage their resources more effectively.

3.15 Below is the flowchart as to how the data would be manage between the employer and the Fund:



3.16 Implementing i-Connect will reduce administration cost over long-term as processing data becomes more efficient. The need to validate existing data and potentially gather fresh data is diminished through the provision of an automatic and accurate monthly data stream from each employer's payroll.

3.17 Additionally, the Public Services Pension Act 2013 and the Workplace Pension Reform 2012 are key catalysts to moving toward a model of electronic data submission to the advantage of administering authorities and employers, whose duties under CARE and auto-enrolment require them to ensure they make accurate and timely submissions of data as well as addressing data protection requirements.

3.18 Further details on i-Connect are included in:

- Appendix 3: Bromley i-Connect Proposal
- Appendix 4: Berkshire Case Study

## 4. POLICY IMPLICATIONS

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), for the purpose of

providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc. and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.

**5. FINANCIAL IMPLICATIONS**

Included in PART TWO report.

**6. PERSONNEL IMPLICATIONS**

6.1 The Fund’s pensions manager will need to manage both projects by liaising with Liberata to provide Aquila Heywood assistant during the implementation stage.

**7. LEGAL IMPLICATIONS**

7.1 The statutory provisions relating to the administration of the Local Government Pension Scheme are contained in the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended). The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) set out the parameters for the investment of Pension Fund monies.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children; Procurement Implications
Background Documents: (Access via Contact Officer)	LGPS Regulations 2013 (as amended); LGPS (Management and Investment of Funds) regulations 2016;