

## DRAFT

# Post Implementation Report: Pensions Administration Transition Project

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The purpose of this report is to review and report on the outcome of the above project, and provide an assessment of its overall success.

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Date:	08 February 2021
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## 1. Introduction / Background

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Further to the decision by the Council on 3 March 2020 to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension fund (under a Section 101 delegation to Bradford City Council (CBMDC)), this document sets out an assessment of the project outcome and any lessons learned.

West Yorkshire Pension Fund's (WYPF) business is to provide pension administration and pensioner payroll services. The fund currently administers the Local Government Pension Scheme (LGPS) in West Yorkshire, Lincolnshire and London Borough of Hounslow and the Firefighters' Pension Scheme for a number of Fire Authorities and is the largest FPS administrator in England. WYPF's business model is to take on third party pension administration or a shared service arrangement. This enables WYPF to reduce its' administrative cost per member and also the third party's cost per member.

The project covered the transfer the administration of the LGPS for the London Borough of Barnet (LBB) membership and pensioner payroll service from Capita to WYPF. The project started with the selection of WYPF as preferred provider and concluded with the administration of LBB's membership and pensioner payroll entering "business as usual" at WYPF.

The main activities of the project were:

- Preparation and approval of shared services agreement between LBB and WYPF.
- Migration of LBB member records to WYPF.
- Transfer of pensioner payroll from Capita to WYPF.
- Transfer of contribution collection and overpayment recovery processes from Capita to LBB/WYPF.
- Potential transfer of up to 8 members of staff from Capita to CBMDC under TUPE.
- Training and induction of transferred staff to use systems in place at WYPF.
- Transfer of work in progress from Capita to WYPF.
- Stakeholder communication and change management plan
- Employer training and engagement in relation to the administration of the scheme as it will provided by WYPF
- Post implementation support by Capita to WYPF and LBB

## 2. Project Definition

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### Project objectives

Capita previously provided pension administration and pensioner payroll services to LBB members on its Hartlink platform.

The main activities of this project are set out at Section 1 above

The main objective was to bring LBB's pension administration and pensioner payroll services into "business as usual" at WYPF from 1 November 2020.

Business as usual means:

- All LBB's member and payroll data has been transferred to WYPF, and the transfer audited and confirmed full and correct.
- Pensions are administered on WYPF's systems, using WYPF's processes and Quality Management System (QMS).
- Payroll is being run by WYPF, to LBB's existing schedules.
- All stakeholders have been kept informed of the transition.

The first live pensioner payroll payment to LBB's members by WYPF was the mid November 2020 payroll .

The cut-off date for the administration of LBB members by Capita was 15 October 2020. However Capita made resources available until 31 January 2021 to deal with any residual transition issues.

### 3. Project Organisation Structure

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The project was managed under the following structure:

#### Project Board – (Meets Monthly)

Name	Role Title
Anisa Darr	Chair and project Sponsor
George Bruce	Deputy Chair and SRO
Yunus Gajra	Project Manager (WYPF)
Scott Harriott	Capita
Nigel Keogh	Project Director
Rob Champion	Project Board Secretariat

#### Project Team – (Meets Fortnightly)

Name	Role Title
Nigel Keogh	Chair, Project Director
Rob Champion	Project Manager LBB
Yunus Gajra	Project Manager WYPF
Laura Williams	Project Manager Capita
Mark Fox	Service User Acceptance and Operational Interfaces lead, LBB
Gavin Roberts	Technical Assurance, LBB
Richard Corbett	TUPE Workstream lead

Keith Barker	Finance Workstream lean
Asim Waseem	WYPF IT
Hafiz Rahman	WYPF IT

**Project Work streams (Leads in bold)(meet fortnightly)**

Name	Role Title
<b>Nigel Keogh</b>	Communications/Legal
<b>Yunus Gajra</b>	Data Transfer/Legal
<b>Mark Fox</b>	Operational Interfaces
Helen Moore/ <b>Richard Corbett</b>	TUPE
<b>Keith Barker</b> /Ola Ajala	Finance

In addition to the above, as a response to managing project risks arising from the COVID19 pandemic, for the duration of the project, the following project team members met weekly to review the capacity of each organisation to deliver the project within the agreed timescales whilst maintaining required service deliverables and performance levels:

Nigel Keogh – Chair, Project Director  
 Rob Champion – Project Manager, LBB  
 Yunus Gajra – Project Lead – WYPF  
 Janine Donoghue – Project Manager - WYPF  
 Laura Williams – Project Manager – Capita

## 4. Project Approach and controls

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### Method of approach

The project was managed according to standard LBB project management protocols, which are based on project management best practice.

Overall responsibility rested with the joint Project Board, consisting of representatives from LBB, WYPF and Capita. The Board met, or received updates monthly.

A project plan detailing the key workstreams was the driving document for the project.

## 5. Project Assurance

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To ensure that the project was managed effectively, the project was managed according to the scope, boundaries, constraints, interdependencies and assumptions set out below:

## Scope and boundaries

The scope of this project was the creation of the shared services arrangement between LBB and WYPF.

WYPF to provide full pension administration service in respect of the Local Government Pension Scheme(s) and includes workflow and document imaging functionality, pensioner payroll provision and a facility to make immediate payments.

The agreement between LBB and WYPF will not affect WYPF's relationship with any other clients.

The project did not cover governance and investments of the Barnet Pension Fund. Nor did it cover any consideration of the commercial agreement and exit plan entered into by LBB and Capita on termination of the contract.

The project did not cover post-transition remediation issues which would be inherited by WYPF, although the scale and nature of outstanding issues were discussed with WYPF throughout the project.

## Constraints

The major constraints applicable to this project were:

- Completion time: All data had to be loaded into WYPF's existing Live services in time to run the payrolls payable in November 2020.
- Resource: WYPF's, LBB's and Capita's resources were drawn from existing staff. Some staff had their substantive responsibilities to attend to, as well as their duties to this project. It was also acknowledged that resources may also be depleted from time to time as a consequence of the on-going COVID-19 epidemic, and back-up provisions for this eventuality were made (project team members each had a named alternative).
- Quality: WYPF operated within the provisions of its ISO 9001:2015 quality management system.
- Legal: The project was dependent on the necessary commercial and legal agreements being in place between the 3 parties and the shared services agreement being approved.
- IT: Data had to be loaded into WYPF's existing live service without downtime.

## Assumptions

Capita as the existing payroll provider for LBB pensioners, would finish their payroll activities by making the last payments due by 30<sup>th</sup> October.

WYPF's existing "brand" was to be applied to letterheads and outgoing emails.

## 6. Project Outcomes

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WYPF assumed responsibility for the administration of the LBB LGPS on 1 November 2020 as planned. Ahead of the transition date, officers from LBB and WYPF held the first in an on-going series of post-transition meetings.

All key milestones were achieved throughout the project and the outcomes were delivered within budget.

Residual transition issues were resolved by 15 February 2021, and the final milestone signed off on 22 February 2021.

## 7. Lessons learned

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The transition of pensions administration services, particularly one involving a complex defined benefit pension scheme with multiple benefit regimes, is a challenging undertaking. The circumstances under which this transition took place were made all the more challenging by the Covid19 pandemic and the enforced remote working that replaced what would have been face-to-face project meetings, where issues arising might have been more fully explored. That said, all key milestones were met and the transition from Capita to WYPF was successfully achieved on the target date.

Nevertheless, certain factors could have improved the transition process and these are set out below.

**Access to project management software** – difficulties were encountered in securing access to project management software, largely as a consequence of availability of IT resource which at the time of project inception was heavily deployed in ensuring continuity of service during the mass transition to home-working enforced by the pandemic. Project plans were therefore created and maintained on Word and Excel. This did not prove to be particularly detrimental to project management and control, although the visual presentation afforded by MS Project would have been useful for reporting purposes.

**Ability to share documentation** – again, difficulties were encountered in establishing a secure means of sharing project documentation across the three organisations (LBB, Capita and WYPF). Despite exploring several commonly used sharing tools, local IT policies prevented the use of such tools. Again, this did not prove to be particularly detrimental to project management and control, with the Project Director maintaining control of master copies and operating version control.

**LBB take-on of contributions collection** – In addition to providing pensions administration services to the pension fund, Capita also provided a range of financial management services in connection with the administration of the fund (pensioner payroll, contributions collection, overpayment recovery and other debt recovery). All of these were managed through a bank account operated by Capita on the funds

behalf. On transition, contributions collection reverted back to LBB, with a new bank account set up specifically for the purpose.

Communications were issued to scheme employers advising them of this change and the new bank details, and both a pilot scheme with several employers and a series of well-attended training sessions were put in place. Despite these measures, a number of employers continued to pay contributions to the Capita-operated bank account after the transition date. Anticipating that this might happen, we asked Capita to investigate whether an auto-redirect could be set up on the account. When this was found not to be possible, Capita were requested to keep the bank account open and notify LBB of any contributions received in error.

The failure of some employers to take note of the changes did cause additional work for both Capita and the LBB team, but the contingency measures put in place did work to ensure employer contributions were collected, accounted for and reconciled in a timely manner. However, more perhaps could have been done to reduce the level of non-compliance by employers.

**LBB funding of pensioner payroll** – Previously, the funding of pensioner payroll was a relatively simple process, with Capita using the proceeds of pension contributions, a seeding float and occasional top-ups to meet the cost of the payroll and other outgoings.

Discussions with WYPF regarding how the funding of payroll would operate in the absence of contributions income started early in the transition process. However, despite agreeing a monthly funding protocol, this was at first problematic to implement in practice, with substantial cash outflows occurring throughout any given month. This was resolved within a few weeks of the transition but further consideration might have been given sooner to the practicalities of implementation.

**Transfer of non-member data** – Data transition was a key focus throughout the transition project, as it was critical that the WYPF was able to provide pensioner payroll and member services from the 1 November. Whilst this was achieved successfully, there remained a considerable amount of supporting information associated with Capita's administration of the scheme which also needed to be transferred.

Whilst the transfer of member/pensioner data rested largely with Capita IT resources, which were scheduled with specific target dates in the diary, the collation and transfer of the remainder of the data was within the purview of the Darlington Operational and Technical teams. Despite having named deputies in every project role, the pressures of untaken leave, Covid19 and other only to be expected staff absences, the transfer of the remaining data took several months into the post-transition period to complete. However, whilst the staff absences might be attributed to circumstances that were extenuating due to Covid19 (even in spite of the contingency plans put in place), one element that might have been foreseen was the transfer of files to WYPF that were password-protected.

After extensive investigation these were found to be largely confined to scheme employer data returns and data produced by the Technical team, and subsequent solutions were found. In the meantime, the negotiated post-transition support from Capita provided WYPF with a timely route to seek responses to queries. However, in retrospect, the possibility of this occurring should have been factored into the transition plan and appropriate checks put in place to identify and resolve the issue ahead of the transition date.

**Internal audit findings** – towards the latter end of the transition period, LBB Internal Audit (IA) undertook a review of the transition project. As agreed with IA, a number of their findings are considered below (the other findings being responded to and addressed elsewhere):

*Project risk register is not routinely reviewed and updated (medium risk) - The project risk register should be a dynamic document that is routinely reviewed and considers the impacts downstream and where any further mitigation measures are required and updated throughout the duration of the project.*

Project risks were routinely discussed at the fortnightly project team meetings. Whilst the risk register may not have formally reviewed, should any new risks have been identified or further mitigations required, these would have documented and actioned.

*The workstream task list is not sufficiently detailed (medium risk) - There is a risk that key project dependencies, tasks, reconciliations and sign offs may not be performed, and this may impact on the success of the administration transition.*

It is accepted that the workstream task lists could have been more granular, and had formal project management software been available, this may well have been driven out as a consequence of using those tools. However the tasks listed did provide a comprehensive control list of all the necessary actions required to successfully complete the transition, and regular communication between all three parties ensured that each knew what was required under each task.

*Instances of non-attendance at Project Board meetings by core Project Board members (medium risk) - The project sponsor has not attended any of the Project Board meetings, and there are instances of low attendance by another Project Board member. This may indicate insufficient oversight and accountability, which may result in the benefits of the project not being realised.*

It is accepted that the availability of senior staff to attend Project Board meetings was limited, with the impact of Covid19 put severe strain on resources, and requiring strict prioritisation of time by senior management.

That said, each meeting of the Board was attended by at least one senior officer from each of the three parties. In addition it should be noted that a parallel Pensions Steering Group, comprising of senior commercial staff from LBB and Capita, met fortnightly from November 2019 through to February 2021.

Whilst primarily concerned with the commercial aspects of the withdrawal of LBB from the Capita contract to provide pensions administration, this forum also took regular updates from the Project Director concerning the progress of the transition, providing a further level of senior oversight.

## **7. Conclusions and recommendations**

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The “lessons learned” above should of course be borne in mind during any future pensions administration transition or service delivery reorganisation. That said, the issues raised above were not insurmountable and did not affect the ability of WYPF to take on responsibility for the service from the target date of 1 November 2020.

Inevitably, the bedding-in of the new service and the inheritance of legacy backlogs and data issues from Capita, may impact on agreed service levels in the short term, and data quality in the medium term. By the same measure, the scope and depth of monthly performance reporting remains a work-in-progress. Plans are in place to address all of the above in the coming months.

However, there are already significant positives to be taken from this project:

a/ it was delivered on time and on budget, despite the most extenuating of circumstances, and;

b/ it is already delivering an improved member experience (one of the key criteria for switching the provider)

The final recommendation of this report is that a full service review be undertaken in November 2021 to assess how far the service to members has progressed since the transfer.