

## Nottinghamshire Police and Crime Commissioner

### Notice of Decision



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For Decision or Information	Decision
Date received*:	11 <sup>th</sup> July 2014
Ref*:	2014.028

\*to be inserted by Office of PCC

**TITLE: Police Pensions Administration & Payroll**

#### EXECUTIVE SUMMARY:

This report sets out the reasons for moving the Notts Police Pensions administration and Payroll away from Nottinghamshire County Council Pension (NCC Pensions) to a new provider, Mouchel Business Services - Pension which has been identified under a framework agreement with from the payroll collaboration. The purpose of this is to save money and to ensure the reliability of future supply of service by using an industry standard business which already has established police pension administration

#### INFORMATION IN SUPPORT OF DECISION: (e.g report or business case)

See Attached Business Case

**Is any of the supporting information classified as non public or confidential information\*\*?**

Yes

No

X

If yes, please state under which category number from the guidance\*\*:

#### DECISION:

Approval to go ahead with a new contract with Mouchel with annualised set-up costs (option 3 in the attached business case).

#### DECLARATION:

I confirm that I do not have any disclosable pecuniary interests in this decision and I take the decision in compliance with the Code of Conduct for the Nottinghamshire Office of the Police and Crime Commissioner. Any interests are indicated below:

The above request has my approval.

Signature:

**Nottinghamshire Police and Crime Commissioner**

Date:

15/7/14

**Nottinghamshire Police and Crime Commissioner**  
**Notice of Decision**

**OFFICER APPROVAL**

I have been consulted about the proposal and confirm that the appropriate advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signature:

Chief Executive



Date:

14/7/2014

\*\* See guidance on non public information and confidential information.

# Business Case – Police Pensions Administration & Payroll



**Business Case Lead:** Julie Read

**Date:** 16<sup>th</sup> June 2014

**Author:** Elouise Pitchford

**Approval:** Force Executive Board

## 1. Executive Summary

This report sets out the reasons for moving the Notts Police Pensions administration and Payroll away from Nottinghamshire County Council Pension (NCC Pensions) to a new provider, Mouchel Business Services - Pension which has been identified under a framework agreement with West & North Yorkshire forces from the payroll collaboration. The purpose of this is to save money and to ensure the reliability of future supply of service by using an industry standard business which already has established police pension administration.

## 2. Overview

This report takes into account 2 funding options from Mouchel regarding taking over the administration function from NCC Pensions. The function covers set up costs for the transfer, preparing retirement figures to police officers, converting retirees onto the pension payroll and administering the lump sum payments.

NCC Pensions have re-tendered for the supply of their pensions software and have moved away from Haywood's to Civica. An evaluation of whether Civica were a suitable pension administrator for the Force highlighted that they do not currently have any police pensions on their software and, with the introduction of Police Pensions 2015 next year, this gave us some cause for concern.

During a meeting with NCC Pension project team they indicated that they would be happy for us to move our business to another supplier and to save costs all round it would be best to move the pension as soon as possible.

Mouchel have agreed that they could do an implementation starting 1<sup>st</sup> September 2014 with a go live of 1<sup>st</sup> October 2014.

This contract would also mirror the contracts in place in the MFSS for Cheshire/ Northamptonshire.

### 3. How does this support Force Objectives/Strategic Objectives?

2: To spend your money wisely

Looking at reducing costs while gaining a more efficient service from a provider who also has other force pension customers. Nottinghamshire County Council is looking for us to leave the agreement.

### 4. Options with costs and risks

Year of contract	Option 1 – Move to Civica with NCC	Option 2 - Upfront set up costs	Option 3 - Annualised setup costs
2014/15	192,613	213,432	153,314
2015/16	141,860	85,500	102,300
2016/17	141,860	85,500	102,300
2017/18	141,860	85,500	102,300
2018/19	141,860	85,500	102,300
<b>Total</b>	<b>760,053</b>	<b>555,432</b>	<b>562,514</b>
<b>Savings vs Option 1</b>		<b>204,621</b>	<b>197,539</b>
<b>2014/2015 Cost/Savings V Budget</b>	45,607	66,426	6,308

2014/2015 Budget is £147,006

2014/15 cost include all set up and data extraction cost plus options 2 & 3 include six months NCC costs and six month Mouchel costs.

Additional costs in year 2 for Police Pensions 2015 estimated at £16,000 for Mouchel and £15,000 for Civica.

### 5. Preferred option

The preferred option is option 3; although this is marginally more expensive than option 2 over the five years of the contract, this is less expensive in 2014/15 and presents less risk to our overall target.

### 6. Costs of the preferred option

The set up costs are slightly higher than Mouchel anticipated for two reasons;

- 1) the final estimate from Heywood is higher than we originally anticipated and
- 2) the transfer of payroll will be from SAP to *altair* rather than *Axis* to *altair*.

Mouchel have been able to offset this by reducing the annual fee to take into account that there will be no annual newsletter and also, have a more accurate picture of the processes involved, revising our resource requirements.

Mouchel have provided below our revised quotation for the provision of the service and our original indicative prices for comparison. They have also given you the option to spread the cost of the set up across the lifetime of the contract rather than paying a one off fee.

	<u>Original quotation</u>	<u>Revised quotation @ 2/6/2014</u>	<u>Annualised fee @ 2/6/2014</u>
Annual administration & payroll	£95,000	£85,500	£102,300
Set up	£54,000	£69,000	£0
5 year total	529,000	£496,500	£511,500

The cost of producing a newsletter would be £4,500 for each edition. This is quoted per edition, in case we decide to publish more than one edition in any one year.

## 7. Benefits and impact of the preferred option

1. Mouchel has a specialist team of Police Pensions Administrators who work specifically for Police Force clients. They have a wealth of knowledge, skill and understanding relating specifically to the Police Pension Schemes. This team can provide resilience like no other administrator which means that there will always be somebody available to do the work and provide guidance. The size of the team means that we are not hampered by leave or sickness.
2. Have a proven track record of taking on police forces from other administrators. Every one of their transfers has been achieved on-time, within budget and with no detriment to the service we provide to their other clients. This latter part should provide a degree of comfort to us should we take on their services and then they win other contracts.
3. The number of clients they have means that any software development costs for the new 2015 Police Pension Scheme will be shared across all of their police clients. Should Nottinghamshire move to another administrator without any other police clients it is likely that any development costs will be met solely by us.
4. Other than software development costs, the quoted price includes all other costs associated with introducing the new police pension scheme in 2015. This includes interpretation of the new regulations, guidance and training and all associated changes to documentation and processes.
5. Track record speaks for itself. All of their clients are happy with the services and many have extended their existing contracts or taken out new ones. Those who haven't are still within their original contract period.
6. Experience from other Forces suggest that there are no hidden extras to pay for in addition to the quoted charges and that Mouchel genuinely try to provide an all inclusive service.

## 8. Risks & Issues associated with the preferred option

There have been no risks identified, apart from the risk that Nottinghamshire County Council have a timeslot in August for the transfer of data which we need agreement on this as soon as possible in order to progress to meet these timescales.

## 9. Timescales

Milestone/Deliverable	Target Date
<i>FEB Approval</i>	23 <sup>rd</sup> June 2014
<i>PCC Approval</i>	The same week as FEB approval