



Employer Pensions Notice

EPN 250

- 1. Update on Civil Service pensions delivery review, and;**
- 2. Guidance on your current and future Service Level Agreement (SLA) or contract with your Authorised Pensions Administration Centre (APAC)**

Audience This Notice will be of particular interest to:

- HR Managers, APAC Contract Managers and HR policy teams

Action

- To note the information contained in this EPN
- To note the changes to section 2.3 of the Employers' Pension Guide. (If you hold a hard copy of the EPG, please destroy the existing section 2.3 and replace by printing off the new version found at the end of this EPN.)

Timing Routine

1. In 2007 CSPD appointed PricewaterhouseCoopers (PwC) to undertake an independent review of the delivery of the Civil Service pension arrangements. The review aimed to identify a robust and cost effective delivery model by assessing the strengths and weaknesses of the current arrangements and then go on to consider the alternatives.
2. The current model has 8 APACs with a separate pensioner payroll provider. The review has now been completed and has concluded that although the current model is working, it is overly complex.



3. The results of the review led us to a preferred option of having a single administrator responsible for delivering all pension administration services including pensioner payroll.
4. Before making a final decision on the way forward, Permanent Secretaries have asked for some more detailed work to be carried out on both the future design of pensions administration in the Civil Service and how we might make the transition. This work will complete this summer and will be presented to Permanent Secretaries for their approval to proceed with the changes.
5. One area of concern for you may be if your arrangement with your current APAC is coming to an end. You should currently have a SLA or contract in place with your APAC. If your SLA or contract is due for renewal in the next 12 months or so, we strongly recommend that you negotiate an extension of the existing arrangement instead of re-tendering for services with an alternative provider. For the time being we suggest that any extension to an SLA or contract should be for one year initially, extendable on an annual basis thereafter for a further two years (i.e. capable of being extended for three years in total).
6. Should you have significant concerns about your existing arrangements which you feel prevent you from extending your SLA or contract, and you are unable to resolve these concerns with your APAC, you should contact the Employer Helpdesk before considering moving to a full procurement

If you are considering re-tendering please contact the Employer Helpdesk to advise us of your plans and we will contact you directly to discuss.

7. We have also alerted HR Directors to this information in the HR Directors' Bulletin and are writing in similar terms to the Heads of each APAC
8. We are committed to keeping you informed throughout the decision making process and when we have a final decision on the proposal for changing the current arrangements we will issue a further EPN
9. Section 2.3 of the Employers' Pension Guide, which includes guidance on appointing an APAC, has been revised to take account of this EPN, and can be found at the end of this EPN.
10. If you have any concerns about the contents of this EPN, please contact Mike Mordecai or Laura Stevens at Civil Service Pensions.

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Contacts Enquiries about content, distribution or to receive in a different format

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Basingstoke, RG21 4HG**

You can find electronic copies of the EPG, all current EPNs and forms on our website www.civilservice.gov.uk/pensions in the Guidance for employers section.

If this notice is to be circulated to members, then please remove contact details as the helpdesk is for employers only. Members should be directed to your pensions administrator if they have any queries.

2.3

Roles and responsibilities Administration by APAC

Appointing an APAC

2.3.1 Under the Delegation Instrument you must appoint an Authorised Pensions Administration Centre (APAC) to carry out the day-to-day pension administration. If the APAC is a private sector provider you will need to have in place a contract. If the APAC is a public sector provider you will need to have a Service Level Agreement (SLA) with them. Contracts or SLAs are set for a fixed period and may be extendable.

2.3.2 A SLA is an agreement between public sector organisations as the Crown cannot contract with itself. A SLA is not a legal agreement but the organisations that sign it operate as if it is.

2.3.3 There are currently 8 APACs, 6 in the public sector and 2 private sector companies.

EU procurement rules

2.3.4 Employers who engage an APAC are procuring “Part B services” under the EU procurement regulations. Employers need to act in accordance with the regulations when tendering for the service and appointing their APAC.

Employers who have contracts or SLAs with APACs which are expiring

2.3.5 A Cabinet Office review has recommended a move from the current model of 8 APACs to a single pensions administrator for all employers. Final decisions have not yet been taken. If the recommendation is accepted it is likely that a move to a single administrator will be phased over a 2-3 year period.

2.3.6 CSPD strongly recommends that employers who have an SLA or contract with an APAC due for renewal in the next 12 months or so negotiate an extension of the existing arrangement instead of re-tendering for the service with an alternative provider. The extension by employers to their SLAs or contracts should be for one year initially, extendable on an annual basis thereafter for a further two years (i.e. capable of being extended for three years in total).

2.3.7 Should you have significant concerns about your existing arrangements which you feel prevent you from extending your SLA or contract, and you are unable to resolve these concerns with your APAC, you must contact the Employer Helpdesk before considering moving to a full procurement.

How to manage the contract/SLA

2.3.8 Having a contract/SLA in place will not by itself improve your pensions service. You need to manage the contract/SLA actively to make sure that it meets your specification. To do this you will need to appoint a contract manager.

2.3.9 Your contract manager will need to build a constructive relationship with your APAC contact. Each must understand their role. (See Roles and Responsibilities Tables - Section 2.1) The APAC's role is to provide the service specified. Your contract manager's role is to monitor the service the APAC provides to make sure it meets the agreed requirements.

2.3.10 Key areas of effective contract management are:

- good communication
- suitable resources — the contract manager needs time to be able to carry out the role
- a clear specification of requirements including delivery of the mandatory controls from the Delegation Instrument (See Annex 2D)
- regular formal monitoring including reports and review meetings
- prompt action to solve any problems or meet any shortfalls in service; and
- agreed mechanisms for change

2.3.11 The level of resources you use to manage your contract/SLA will depend on its value and complexity. However, even for the smallest employer, contract management plays an important role in providing value for money.

What happens when things go wrong?

2.3.12 By monitoring the APACs performance regularly, you can pick up problems quickly before they become too serious.

2.3.13 Your contract/SLA must contain clauses covering poor service and mistakes. If the APAC is wholly responsible for a mistake that results in a cost (for example, an overpayment), you should be able to claim this cost from them under the terms of your agreement with them.

2.3.14 Your contract/SLA must also have a termination clause. This will allow you to break the contract/SLA if your APAC does not provide the agreed service.

Providing information

2.3.15 The APAC administers the CSP arrangements using members' data, which you have provided. To ensure that our members receive an accurate service, you must take care at all stages of collecting and providing the data to ensure it is accurate. Where data is provided directly from payroll, it must be updated promptly and accurately.

2.3.16 If there are gaps in a member's data, the APAC will need you to provide information from the personnel file.

2.3.17 You must let your APAC know immediately about any changes to a member's details, such as marital status, changes of address, leaving or transferring information. You should do this using the method you have agreed in advance with the APAC (on paper or electronically). If you do not keep the APAC records up-to-date, members may not receive the correct information or payments.