

Pat Marchbank looks at how working in partnership with local authorities helped overcome new-look scheme challenges posed by the late availability of confirmed legislation and guidelines

Getting switched on

When Mark Twain shared his views on the best way to face challenges, he could have been giving advice to scheme managers on how best to deal with the new-look local government pension scheme: "The secret of getting ahead is getting started. The secret of getting started is breaking your complex overwhelming tasks into small manageable tasks, and then starting on the first one."

This was certainly the approach needed when developing the changes to LGPS pension administration software in order to accommodate and automate as many of the new requirements as possible in time for the effective date.

Since the first draft of legislation in 2007, information about the new-look scheme gradually filtered through, and so it was vital for software suppliers to keep in close contact with their clients and the department for communities

nothing to stop suppliers from building the capabilities to allow for these provisions into their software in readiness for the final decision. Ultimately, when it was confirmed that the third-tier provision would be included, all pensions managers would have to do was switch it on.

Everyone knows the final legislation was late but a fair amount of the proposed changes were known in advance, thus providing a good basis on which to prepare.

Working in partnership

Heywood worked closely with both the DCLG and the Computerised Local Authority Superannuation System (CLASS) Group – a partnership between Heywood and a number of local authorities, set up to promote efficiency through use of a common system – to ensure an effective and timely solution for pension managers

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Pat Luscombe, pensions manager Kent Pension Fund and chairman, CLASS Group

and local government, to constantly assess the impact on administrators and review the changes required to their software.

Challenges posed

It is true that the late availability of confirmed legislation and guidelines posed a challenge, but the answer was to build optional solutions to cater for the various elements of unconfirmed legislation, so that clients were able to immediately "switch on" the appropriate solution as and when the details became confirmed.

A good example of the benefits of a flexible development approach is the late clarification of ill-health provisions. Many critics had dismissed the likelihood that the third-tier provision would be included in the 2008 changes, but despite the uncertainty there was

In the case of LGPS 2008, the CLASS group members were able to share the cost of developing the software. In addition, several members volunteered to take part in testing the software on behalf of the group, making the best use of resources.

Carmarthenshire County Council principal pensions officer Kevin Gerard explains: "We joined with six other authorities in testing the LGPS development on behalf of the CLASS Group. Not only did the early exposure to the changes assist our understanding and allow us to plan more effectively, but the whole exercise demonstrated the significant benefits that the CLASS Group provides."

Kent Pension Fund pensions manager and CLASS Group chairman Pat Luscombe adds: "The development, testing and ultimately the delivery of



these LGPS 2008 scheme changes is a perfect example of just how well this partnership works."

Further issues

While we wait for the remaining government actuary's department guidance on the scheme changes, it may be that we need to turn again to Mark Twain for further advice: "When angry count to four; when very angry, swear..."

Pensions managers have had to endure a difficult legislative process, but by adopting a pragmatic approach and by breaking the project up and starting key tasks early, software providers can ensure their clients benefit from well-timed and cost-effective software implementations.

Our advice to scheme managers is to keep talking to each other, work with your partners and peers on discovering the best solution to challenges and share information that may help others. This way we can all be proactive in anticipating change and in taking a positive and supportive approach to minimising the negative impacts, such as manual workarounds.

But as we know in this industry, change is constant. As well as looking to deliver the final elements of the new-look LGPS, work is already underway to accommodate the 2009 changes for the Scottish and Northern Ireland local government schemes.

Pat Marchbank is head of the public sector team at Aquilaheywood