

Public sector pension administration

Improving the quality and reducing the cost of pension administration

Public sector pensions pay out £25bn annually and have total liabilities of about £1,000bn. They are increasingly seen as excessively generous in comparison with private sector schemes – and unaffordable in the context of the current fiscal crisis.

The new Government has made it clear that the current arrangements for public sector pensions are neither sustainable nor affordable. Current arrangements for pensions administration are: fragmented; provide poor value for money; are subject to considerable concerns about the quality of processes and the level of customer service provided; and, lack agility.

As the public sector downsizes, and implements modifications to current schemes whilst dealing with changes to business volumes, costs may rise and put on-going delivery at risk. A focused approach to implement these new administration arrangements is therefore required to maintain the long-term health of your organisation.

Our response

PricewaterhouseCoopers LLP (PwC) has developed a new vision for pensions administration, with:

- A modern operating model that reflects leading edge thinking on pensions management and the commercial arrangements necessary in any complex modern business
- New governance arrangements
- A real focus on getting it right first time to enhance customer service, reduce delivery cost and increase compliance.

The benefits

Our clients appreciate our ability to help them deliver across a range of – potentially conflicting – outcomes. These include:

- The quality of the experience provided to members and employees, as customers
- The delivery of an excellent working environment for those involved in pension delivery
- Driving out inefficiencies to deliver administration in line with industry cost benchmarks
- Establishing governance structures that oversee members' interests and manage risks
- Managing delivery risks in a proactive and sensitive manner
- Creating the agility to accommodate changes to schemes and customer requirements

Support is delivered in a manner sensitive to the pressures in the public sector whilst building best practice in pension delivery through the rigour of professional change management.

Our approach

Our approach starts with a clear focus on the member of the pension scheme as the customer. We believe that it is both possible and preferable to seek to provide a high quality customer experience, focused on getting it right first time, enabling the member to engage directly with, and add value to, their pension during their working career.

Our visionary 'target operating model' draws on leading practice from the private sector and our transition support ensures that modern, efficient practices are introduced quickly, without putting business as usual at risk.

We combine this pragmatic approach with deep expertise in areas such as:

- Actuarial analysis – providing the rigour and insight essential to the customer proposition
- Procurement – ensuring an effective approach to the sourcing of third-party support
- Pensions operations – drawing on experience and insight into public and private schemes, so that solutions deliver the complex processes and calculations needed
- Commercial management – to help understand the true cost of pensions activity and build a simple and straightforward wrapper around pension processing
- Governance – providing a robust framework to manage the service and third parties

The ability to provide this 'one stop shop' that draws in expertise from the public and private sectors, as well as real insight into the policy and the scheme itself puts us in a unique position.

Our experience

PwC's combination of deep technical skills in pension's administration, combined with leading-edge thinking about transformation and business management, establish us as the ideal client-side transformation partner to the public sector seeking to improve quality and reduce the costs of pension's administration. In addition, our unique familiarity with the various public sector schemes enables us to navigate the implementation of inevitable scheme changes alongside this transformation.

We have a wide base on experience in supporting clients drive through change programmes across the public sector pension landscape. Recent work includes supporting the creation of My Civil Service Pension - the new cross-government shared service delivering support to over 1.5 million members.

We have also provided expert advice and support to the United Nations, teachers and police pension schemes.

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