

Report for: ACTION



Contains Confidential or Exempt Information	NO – Part I
Title	Procurement of Pension and Payroll Administration Software
Responsible Officer(s)	Philip Boyton Pension Administration Manager
Contact officer, job title and phone number	Nick Greenwood Pension Fund Manager 01628 796701
Member reporting	n/a
For Consideration By	Berkshire Pension Fund Panel and Pension Fund Advisory Panel
Date to be Considered	18 January 2016
Implementation Date if Not Called In	Not applicable
Affected Wards	None

REPORT SUMMARY

1. The purpose of this report is to inform Panel of the procurement of pension and payroll administration software.

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. n/a	

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Panel:

- i. Approves the tendering of a contract for the provision of pension and payroll administration software.
- ii. Will be requested to approve the award of any contract to the supplier deemed by Officers to offer the most economically advantageous solution.

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 The administration team's contract with *heywood* Limited ends on 15 June 2016.

Under the terms of the contract there is an option, at the Council's discretion, to extend for a further period not exceeding five years.

2.2 Although the functionality of *heywood* Limited's package has served the administration team well for many years it is generally accepted there now exist other suppliers that can deliver a software solution capable of administering the LGPS. This is reason enough for the administration team not to continue its relationship with *heywood* Limited without first establishing whether other software solutions are capable of administering the LGPS in more than its basic form, while being cost effective for the Pension Fund (including the cost of change that would be incurred by moving to a new supplier).

2.3 The environment that administrators operate in is characterised by constant change and significant complexity especially now there is a need for multiple scheme types (Final Salary, CARE and probably more to come) to coexist within a single service. It is essential, that all membership data must be maintained within a single database.

It is essential the software solution has the ability to cope with a variety of different scheme design with adequate support services in place. The supplier must also be able to provide the tools necessary for the administration team to deliver the objectives set out in its latest Administration Strategy and further improve upon the high level of service already provided to scheme employers and their scheme members.

With this in mind the administration team will consider the following when evaluating each supplier's tender submissions:

- i. Document Management;
- ii. Electronic Interfacing;
- iii. Employer Self Service;
- iv. Full Final Salary and CARE Functionality;
- v. Full Multiple Employment Functionality;
- vi. Hosting Services;
- vii. Member Self Service;
- viii. Pensioner Payroll;
- ix. Reporting Functionality;
- x. Valuation Functionality; and
- xi. Workflow.

In respect of the areas listed above the administration team will pay particular attention on the level of any:

- i. Configuration required;
- ii. Effort required from the administration team;
- iii. Support provided by the supplier; and
- iv. Training required.

2.4 Costs

During the five year term of the current contract the Pension Fund will have incurred a total cost of £1,113,056.00.

During the last five years the LGPS has been through a period of extraordinary change requiring large scale software investment. This generated additional costs that were impossible to predict when the current contract was agreed in June 2011 because much of the fine detail of the CARE Scheme was then unknown.

The cost of the investment required was shared across an established 'pooled' structure of 90 administering authorities. This helped keep to a minimum the additional monetary costs and the time and effort spent by team members testing upgrades and reporting errors. As a result a relatively small team of administrators were not distracted from the day to day business of providing a quality, accurate service to scheme employers and their scheme members.

Assuming that there will be no major changes to the LGPS during the next five years it is predicted the overall cost in real terms that will be incurred during a contract for the same period of time will be less than that incurred under the present contract.

2.5 Scoring

Tenders will be scored against the criteria described below:

- i. **Matching the Council's Specification**
Suppliers will need to demonstrate that their software solution will enable the Pension Fund to be administered in accordance with all historical and current LGPS Regulations
- ii. **In-house Demonstration**
Suppliers will be required to give a brief presentation on their proposal and demonstrate their system at the Pension Fund's offices. This will give Officers the opportunity to ask questions, assess the merits of the supplier's proposal and ask any clarification questions arising from the evaluation of the tender specific to the supplier.
- iii. **Reference Site Visit**
As part of the evaluation process Officers will see the proposed software in operation at another LGPS administering authority's offices. The site visit will allow Officers to gain user opinion of how the proposed systems were or are being implemented and the ability of the system proposed to deliver the service required.
- iv. **Price**
In financial terms, the Council is looking for suppliers to provide a clear and fully priced 'package'. Scoring will give due regard to the added value in the service delivery options and the potential for collaboration with other clients to keep future development costs to a minimum.

3 KEY IMPLICATIONS

- 3.1 The administration team could be left without a system, if the procurement process is not concluded before the end of the current contract.

4. FINANCIAL DETAILS

Financial impact on the budget

- 4.1 To be confirmed on evaluation of suppliers tender submissions.

5. LEGAL IMPLICATIONS

- 5.1 The Royal Borough of Windsor Maidenhead, as the administering authority to the Royal County of Berkshire Pension Fund, is required to provide the necessary equipment to ensure the administration team can provide a service to all stakeholders of the LGPS.

6. VALUE FOR MONEY

- 6.1 See above Point 2.4 (iv) Price

7. SUSTAINABILITY IMPACT APPRAISAL

- 7.1 None

8. RISK MANAGEMENT

- 8.1 As part of the procurement process, and in line with the Council's own Contract Procedure Rules, the Council will satisfy itself that all potential suppliers are financially sound and have sufficient capability to deliver the services required for the duration of the contract period of five years.

9. LINKS TO STRATEGIC OBJECTIVES

- 9.1 The administration team's objective is to continue progress towards a seamless, automated pension service, employing appropriate technologies and best practice which both significantly improve the quality of information overall and the speed with which it is processed to provide better information for Scheme employers and stakeholders and a more efficient service to Scheme members.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

- 10.1 Not required.

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

- 11.1 None

12. PROPERTY AND ASSETS

- 12.1 None

13. ANY OTHER IMPLICATIONS

- 13.1 None

14. CONSULTATION

14.1 Reference Site Visits – Locations to be confirmed.

15. TIMETABLE FOR IMPLEMENTATION

15.1 The administration team's contract with *heywood* Limited ends on 15 June 2016.

With the agreement of Panel a contract notice will be published in the Official Journal of the European Union. The objective will be for Officers to agree a preferred supplier before 1 May 2016 and recommend to Panel for final approval.

16. APPENDICES

16.1 None

17. BACKGROUND INFORMATION

17.1 None