

Report for: Pensions Committee and Board – 12 July 2022

Title: Pensions Administration System Contract Award

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1. In order for Haringey Council to carry out its functions as an Administering Authority under the Local Government Pension Scheme (LGPS), the Council uses an IT system called 'Altair' provided by an external contractor, Heywood Pensions Technologies.
- 1.2. The current contract for the pensions administration system is due to expire on 31 July 2022.
- 1.3. This report seeks approval to enter into a new call-off contract with a pensions administration software provider under Contract Standing Order (CSO) 3.01 and 3.03, for the provision of a pensions administration system as permitted on National LGPS Framework and in accordance with CSO 7.01.b (selecting one or more suppliers from a framework). The contract will be for a period of 7 years with an option to extend by another 3 years.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Pensions Committee and Board is asked:

- 3.1. Pursuant to the Council's Contract Standing Orders (CSO) 3.01. & 3.03, to award the contract for the provision of pensions administration system to Bidder A (as set out in the exempt report) for a period of 7 years with an option to extend by a further 3 years for a maximum contract sum of £2,294,310 excluding VAT.

- 3.2. Pursuant to CSO 9.07.3, to agree to issuing an Intention to Contract letter to Bidder A (as set out in the exempt report) for up to the amount of £100,000 pending completion of the contract award.

4. Reason for Decision

- 4.1. The existing contract for the pensions administration system expires on 31 July 2022.
- 4.2. The Council is the Administering Authority for the Haringey Local Government Pension Scheme (LGPS), which has approximately 23,000 members and 115 different employers. Having a contract in place for a pensions administration system is necessary in order for the Council to fulfil its various duties as an LGPS Administering Authority. Modern ways of working mean that maintaining a specific IT package for the pensions administration team is crucial for business delivery.
- 4.3. Without a pensions administration system in place, the Council would not be able to carry out core statutory functions of pensions administration, such as issuing annual benefit statements, and ensuring that new retirees receive the correct benefit payments when they retire.
- 4.4. In order to ensure continuity of access to the necessary software, officers from the Pensions Team, in conjunction with colleagues from Procurement, have conducted a further competition under the National LGPS Framework for the Pensions Administration Software.
- 4.5. The Framework has three providers, all of whom were invited to tender. In the end, the Council received two individual bids from two of the service providers.
- 4.6. The technical evaluation of the tenders was undertaken independently by the Interim Pensions Manager and the Senior Pensions Officer, and the scores awarded to each supplier submitted to the Procurement Team for moderation.
- 4.7. Following a moderation meeting between the two officers and the Procurement Team, final scores (including the price evaluation) were agreed. These are shown in table 1 (in the exempt report).
- 4.8. Following an evaluation of the bids submitted by both service providers, officers agreed that the bid submitted by Bidder A ranked the highest and met all Pension Fund's administration requirements.
- 4.9. The assessment carried out by officers determined that Bidder A's offer best suited the needs of the Pension Fund for some of the following reasons:
 - Ongoing development of existing and new products, particularly with "McCloud" implementation expected in the foreseeable future

- Online training tools for LGPS authorities' pensions staff to stay up to date with latest regulatory changes
- Value for money based on the number of services and support provided to LGPS funds

4.10. This information is contained in the exempt report.

4.11. The contract costs are £2.3 million over 7 years. This includes the cost of using the National LGPS Framework for Pensions Administration Services (£9,600).

5. Other options considered

5.1. Open Tender: The option to undertake an open tender process was considered. However, it was deemed that the level of Council resources required to complete an open tender was not justified when a suitable framework agreement was available.

6. Background information

6.1. All costs of the contract will be met fully by the pension fund, i.e., there will be no direct cost implications for the Council.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance, Equalities)

Finance

8.1. The Section 151 officer has been consulted over the contents of the report and confirms that the annual costs can be legitimately charged to the pension fund.

Procurement

8.2. The recommendation to award the contract to the successful bidder in accordance with CSO 7.01b is supported by Strategic Procurement following a compliant procurement conducted under National LGPS Framework.

Legal

8.3. The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

8.4. The services are above the threshold where one of the tendering procedures set out in the Public Contracts Regulations 2015 (the Regulations) apply. Use of a framework agreement for tendering is an approved process under the Regulations (Reg 33).

8.5. The Head of Legal and Governance (Monitoring Officer) has been advised that the procurement under the Framework Agreement has been conducted in accordance with the Regulations, the Council's Contract Standing Orders (CSOs) and the rules governing the Framework Agreement.

8.6. Under CSO 3.03 the Pensions Committee and Board has the same powers and duties as Cabinet under CSOs but limited to procurement decisions and award of contracts relating to the Pension Fund.

8.7. Under CSO 9.07.1 (d) Cabinet (and by extension the Pensions Committee and Board) may approve contract awards valued at £500,000 and above.

8.8. The Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Pensions Committee and Board from approving the recommendations in the report.

Equalities

8.9. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. None.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.