



Mayor & Cabinet

Report title: Decision by Mayor and Cabinet to approve the award of contract for the provision of a Pension Administration System

Date: 11 November 2020

Key decision: Yes

- Total contract value is expected to be in excess of £500,000

Class: Part 1

Part 2 – Appendix 1

Ward(s) affected: All

Contributors:

Jamie Parris – Senior IT Procurement Specialist, IT and Digital Services

Mia Agnew – Senior Contracts Lawyer

Floyd Roberts – Principal Accountant

Outline and recommendations

This report seeks approval to:-

- Award a contract for the provision of a Pensions Administration System

The new contract will be awarded under the National Local Government Pension Scheme (LGPS) Framework Agreement for the provision of Pension Administration Software for a period of 7 years, extendable for a further three years.

The contract award value for a total of 10 years is £1,296,221 which includes the optional uptake of hosted Member Self Service functionality.

Timeline of engagement and decision-making

Contract award is required to ensure a new contract is in place by November 2020 (at the latest)

1. Summary

- 1.1. The purpose of this report is to seek approval from the Mayor and Cabinet to award the contract to the winning bidder resulting from a competitive tender, and as recommended by the appointed procurement evaluation panel, for provision of a Pensions Administration System and optional Member Self Service.

2. Recommendations

- 2.1. It is recommended that the Mayor and Cabinet
 - Approves the uptake of the optional hosted Member Self Service functionality to enhance the service provision of the Pensions Team and the Core Pensions Software.
 - Approves the award of contract to heywood Ltd (t/a Aquilla Heywood) as the successful supplier following the competitive tender for a period of 10 years at a fixed and total cost of £1,296,221.
 -

3. Policy Context

- 3.1. The effective and secure access to financial information to aid reporting in a clear and

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meaningful format contributes directly to the council's tenth corporate priority: "inspiring efficiency, effectiveness and equity".

4. Background

Pensions Administration System

- 4.1. The Council currently utilises the Aquila Heywood system to manage all aspects of pension administration. The current contract expires in October 2020 with an embedded 12 month notice clause and currently in effect roll-over mechanism.
- 4.2. The system involved is central to the Council's administration of pensions.
- 4.3. The pension team currently administer 26,000 pension cases for current members, deferred members, pensioners, spouses and children. It also holds records for non-contributors when calculating redundancy cases.
- 4.4. The pension service is important to all scheme members. Delivery of this service is almost entirely dependent on IT and specifically the efficient functioning of the bespoke interface (developed by a subsidiary of Aquila Heywood) that transfers data from the payroll into the pension administration system.
- 4.5. The Pension Fund has invested significantly in the Pensions Administration system during its operation in order to continue to develop the service offered to its stakeholders. In particular, recent years have seen a series of legislative changes to LGPS rules, making the service significantly more complex to administer, such that it is now considered a highly specialised function. It is expected that scheme administration will only continue to become more complex as time goes by.

Optional Member Self Service Functionality

- 4.6. Member Self Service (MSS) is an online portal enabling members to login to view the current value of their pension benefits. The service allows the pensions team to publish documents to the portal for instant member access.
- 4.7. Enhancement of the service by the inclusion of MMS was a suggested requirement of the Pensions Regulator.
- 4.8. Additionally MSS allows members to carry out their own estimates, (both retirement, and transfers in the future), instead of waiting approximately 6 weeks for a team response. This would also remove the restriction whereby due to resource constraints the pensions team currently limit estimates to one per member per year. The team receive numerous requests each year for this type of information from the service.
- 4.9. MSS will also allow the pensions team to be able to publish frequently requested forms, such as 'Expression of Wish' forms which would significantly reduce the number of email and telephone calls requesting these documents.
- 4.10. Members would be able to update any change of address which feeds directly into the Pensions Administration system.
- 4.11. Compared to other LGPS funds, Lewisham Pensions Fund is significantly behind services that are offered by other Authorities by not having an online portal.
- 4.12. In July 2020 a National LGPS Framework for the provision of Pensions Administration Systems (the only framework of this type in the UK) was formally set up. This enabled the Council to carry out a mini competition under the framework agreement in order to procure a provider for a pensions administration system. The procurement process commenced in July 2020.
- 4.13. At the time of going to out to mini competition the Framework was only available to 2 out

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of a possible 3 Core Pension Software providers in the UK, the 3rd provider attaining approved supplier status after the mini competition had closed.

5. Completion of the Tender Process

- 5.1. A mini competition was carried out under the National LGPS Framework for Pension Administration Software via the London Tender portal, Lewisham Council's electronic tender portal. The procurement was run in accordance with the framework agreement and Lewisham Council's Contract Procedure Rules.
- 5.2. On 28th July 2020 a contract notice was published and the mini competition formally commenced utilising National LGPS Framework Agreement and release of the Invitation to Tender (ITT) Documents via the London Tenders Portal.
- 5.3. A full tender pack of Tender Documents relating to the Provision of Pension Administration Software and was provided which included;
 - ITT Document outlining the requirement and specification;
 - Information to Suppliers / Instructions to Tenderers
 - Evaluation criteria and sub-criterion
 - National LGPS Framework Agreement Terms and Conditions
 - ITT Response and Pricing document
- 5.4. The basis of the award for the Tender was based on a 50% Quality and 50% Price.
- 5.5. During the ITT process Lewisham Council IT Procurement and Supplier Management team responded to questions and clarifications received and all answers given were circulated to all suppliers through the London Tenders portal.
- 5.6. The closing date for the returns was extended to 18th September 2020.
- 5.7. The procurement attracted 2 expressions of interest from 2 suppliers, however Lewisham Council only received 1 formal tender due to the 2nd provider formally withdrawing from the competition due to limited capacity and resources to 1) submit a bid to Lewisham Council in time due to priority work-load and 2) implement a system in time if awarded the contract.
- 5.8. To ensure integrity and competitiveness to commercial submissions there are no mechanisms within the tendering process for a single (potential) bidder to be informed of their single bidder status.

Description of the Evaluation and scoring Outcome

- 5.9. For reasons stated in 5.7 above, the Council received 1 response, which was submitted for full evaluation and assessment.
- 5.10. The project evaluation team evaluated and scored each element of the bid in line with the Evaluation and Assessment criterion as outlined and published within the tender pack. The project evaluation team submitted a consensus score to the Senior IT Procurement Specialist Procurement on 23rd September 2020 for final moderation.
- 5.11. The basis of the overall scoring consisted of;
 - (i) Financial detail including price 50%
 - (ii) Response to 5 Qualitative Questions*50%

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*(The qualitative responses were supported by substantial pre-submitted framework documentation)

5.12. As such the bid was evaluated and ranked in accordance with the published Evaluation and Assessment criteria as shown in the summary table below;-

Tenderer	Price Score	Quality Score	Total Score	Rank
Heywood Ltd (t/a Aquilla Heywood)	50.00%	50.00%	100.00%	1

Evaluation Team

The PAS tender evaluation team consisted of the following members:-

Jamie Parris	Senior IT Procurement Specialist Lead Moderator and Commercial Evaluator
Shida Ashrafi	Pensions Manager Quality Evaluator
Della Davenport	Acting Pensions Manager (as @ the 28.07.20) Quality Evaluator
Melissa Stark	Pensions Officer Quality Evaluator

Synopsis of bid

- 5.16 Heywood Ltd (t/a Aquilla Heywood) submitted a price of
- £993,603 (fixed) for the Provision of a Core Pensions Administration System for a 10 year period; and
 - £1,296,221 (fixed) for the Provision of a Core Pensions Administration System with hosted Member Self Service for a 10 year period per the recommendation of this paper.

The Prices submitted under the Framework were within the estimated contract value of £100k per annum (for the Core System only) and more competitive than those submitted as a direct award under the Framework for a similar period. The details of which are stated in Section 6 below.

5.17 Evaluation

5.17.1 Price (weighting 50%)

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Aquilla Heywood (the incumbent provider) were the only provider to submit a bid price for the Core Pensions Administration System and optional Member Self Service and were therefore awarded the maximum available weighted score of 50%, with no comparable price bids to evaluate against.

5.17.2 Quality and Service (weighting 50%)

Suppliers were asked a series of quality and service questions and evaluated in accordance with the framework scoring methodology, with each response underpinned by supporting documentation..

The quality and service questions (with a synopsis of the response from Aquilla Heywood Limited with further details included in the confidential appendix 1), are set out in the table below:-

Quality and Service	50%
Question 1:- Please describe your reporting functionality including your standard reports, member search and extract tools, bespoke and ad hoc reporting and dashboards	10%
Question 2:- Please describe the functionality of your member portal, how members can access information and hence reduce the burden on the administration team	10%
Question 3:- Please describe your approach to implementation of the new pensions system and provide a project plan detailing key milestones and timescales	10%
Question 4:- Please describe the training services that you provide and the user groups and forums that you offer to promote best practice	10%
Question 5:- Please describe your product roadmap, how you ensure continuing compliance with LGPS regulations and your approach to identifying improvements and functionality in your software	10%

Aquilla Heywood scored maximum points for each response to each question from 3 independent Quality and Service evaluators and were therefore awarded the maximum available weighted score of 50% for their Quality and Service submission.

5.13. Heywood Ltd (t/a Aquilla Heywood) achieved an overall score of 100% and clearly demonstrated that they met the Council's criteria as set out in the specification therefore they are the recommended provider.

5.14. Relative advantages of the submission (key points only):-

5.15. Aquilla Heywood met or exceeded Quality, Functional or Service requirements in all aspects of their submission and Lewisham Council's evaluation criterion.

Relative disadvantages of the submission (key points only):-

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None reported

Summary

- 5.16. It is recommended that Aquilla Heywood are awarded the contract for the reasons set out above.

6. Financial implications

- 6.1. The bid price over a 10 year period was as follows:-
- 6.1.1. £993,603 for the Core System; or
 - 6.1.2. £1,296,221 with the uptake of Member Self Service functionality per the recommendation of this report

7. Legal implications

- 7.1 The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV). Some of the requirements in those Rules are based on the Public Contracts Regulations 2015 ("the Regulations") with which the Council must comply. Under the Council's Contract Procedure Rules the Council may use a framework agreement set up by a public sector body where that framework agreement has been procured in accordance with the Public Contracts Regulations 2015 ("Regulations") and allows for the Council to use the Framework Agreement. The framework agreement used for this procurement is EU compliant and the Council is entitled to use the framework.
- 7.2 The report proposes the establishment of a contract for provision of a pensions administration system, for seven years with an option for a further 3 years. The potential value of the contract including the extension exceeds £500,000, which means that this is a Category A contract for the purposes of the Council's Contract Procedure Rules and one which is to be awarded by Mayor and Cabinet.
- 7.3 This contract has been procured as required by the Regulations and the Council's Constitution. If the proposal to award the contract is approved, an award notice must be published on OJEU and Contracts Finder in the prescribed form.
- 7.4 Procedures for tendering are to be determined by contracting authorities in accordance with the Regulations (regulation 76). These require procedures to be transparent and ensure equal treatment of suppliers. Time limits must also be reasonable and proportionate.
- 7.5 The report explains the evaluation approach and process applied to the bid and the reasons for recommending the successful bid for approval. The report demonstrates that the sole bidder meets all of the Council's requirements.
- 7.6 This decision is a Key Decision under Article 16.2 (c) (xxiii) of the Constitution as it has a value of more than £200,000. It is therefore required to be contained in the current Key Decision Plan.
- 7.7 The Council has a public sector equality duty (the equality duty or the duty - The Equality Act 2010, or the Act). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.8 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

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- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

7.9 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

7.10 The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.

7.11 The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

8. Equalities implications

8.1. There are no Equalities Implications for this Project

9. Climate change and environmental implications

9.1. There are no Climate Change and Environmental Implications for this Project

10. Crime and disorder implications

10.1. There are no Crime and Disorder Implications for this Project

11. Health and wellbeing implications

11.1. There are no Health and Wellbeing Implications for this Project

12. Social Value implications

12.1. Social Value assessment was carried out by the National LGPS Framework Team to award approved supplier status.

13. Background papers

13.1. None

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14. Glossary

14.1. The IT Procurement Glossary is provided as a background document to this report

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