
PENSIONS ADMINISTRATION SYSTEM

Report by Chief Executive

PENSIONS FUND COMMITTEE

11 December 2012

1 PURPOSE AND SUMMARY

- 1.1 This report seeks approval to commence the procurement project to replace the Pensions Administration System for the Scottish Borders Council Pension Fund.**
- 1.2 The licence agreement for the existing system is due to expire in November 2013, the current application will not be developed to meet with upcoming legislation changes due in 2014/15.
- 1.3 The system is an essential administrative tool that supports the provision of a high quality administration service for the Pension Fund.
- 1.4 This is an opportunity to implement a modernised application with the functionality to provide an improved and efficient experience for members of the Pension Fund, through the implementation of Self Service functionality.

2 RECOMMENDATIONS

- 2.1 I recommend that the Committee:- approves the commencement of a procurement project to replace the Pensions Administration System, with a further report to be submitted for consideration once actual costs are known.**

3 BACKGROUND

- 3.1 The Pensions Administration Team, within HR Shared Services, currently use's the Heywood's AXISE system to assist with the administration of the Scottish Borders Council Pension Fund. The system has been in place since October 1999 and is an essential tool used by the team to provide a high quality of service during this period.
- 3.2 The licence for the system was originally signed in October 1999 for a period of three years. This was then extended for a further three year period in January 2001, again in October 2004 and March 2008 for three year periods. In November 2011 the Council exercised the right to extend the contract for a further year under the existing terms and conditions.
- 3.3 In light of the contract expiring on 17 November 2012 agreement was reached with the Council's procurement team to extend the licence of the system for a further year to 17 November 2013, this was permitted within the terms of the contract, with costs being retained at existing prices, as follows:-

	Annual Value (£)
Unix Management – Licence	6,377.00
Unix Management – Maintenance	4,217.00
CLASS – LGPS – Licence	12,436.00
CLASS – LGPS – Maintenance	19,611.00
CLASS – LGPS – Development Fee	1,000.00
Microfocus Licence	177.50
Total Value (exc VAT)	43,818.50

- CLASS – LGPS relates to the provision of software to meet the legislative requirements of the Local Government Pension Scheme.
 - CLASS – LGPS – Development Fee relates to a contribution to the development of software to fulfil the requirements of legislative changes. This is a collaborative approach where all users of the system share the costs of developing software to meet legislative changes.
 - Microfocus Licence is required by users of the system, due to the need to install operating software on individual computers.
- 3.4 In addition to the above, a payment of £1416.30 (exc VAT) is paid for the Hardware Maintenance of the server. This contract currently runs for one year from 1 March 2012.
- 3.5 The system is a Unix based system, which is located on a server in the Business and Information Services computer room. All upgrades and housekeeping of the system are carried out by members of the HR Shared Services Team.
- 3.6 The system provider has indicated that the current version of the application will not be enhanced to meet legislation changes likely to arise through LGPS changes and the Hutton Review. Therefore, removing any possibility of extending the licence on the current version.

4 PROPOSAL

- 4.1 That officers commence a procurement project to replace the Pensions Administration System, obtaining costs of replacement and reporting back to the Committee for approval.
- 4.2 A main consideration for the replacement system must include assurances over costs of development when legislation changes, imperative given the likely changes in the coming years. Additionally, it must be clearly defined who will be responsible for interpreting the legislative changes and turning these into system changes/enhancements.
- 4.3 The project should consider ways in which the Pension Fund can improve the service provided to scheme members through the implementation of self service capabilities, allowing members to access their records online and remove the need to issue Annual Benefits statements for those scheme members who can access the online system.
- 4.4 That the hardware maintenance agreement be extended on 1 March 2013, to provide continued support for the existing system.

5 IMPLICATIONS

5.1 Financial

The costs and benefits attached to the proposal are unknown at this stage, although it is likely there will be an increase in licence costs on an ongoing basis. Additionally, it is anticipated that there will be costs associated with the implementation of the new system.

5.2 Risk and Mitigations

The risk of not implementing the proposal will be a reduction in the standard of service provided by the Pensions Administration team through lack of a suitable tool. Furthermore, there will be a significant risk of error through manual record keeping and calculation of benefits, resulting in a breach of pension's legislation.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no significant effects on the economy, community or environment.

5.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of this report.

6 CONSULTATION

6.1 The Chief Financial Officer, the Head of Legal and Democratic Services, the Head of Business and Information Services, the Head of Audit and Risk and the Clerk to the Council are being consulted and their comments will be taken into account in the final report.

6.2 The Procurement Team have also been consulted and their comments will be taken into account in the final report.

Approved by

Chief Executive

Signature Tracey Logan

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Background Papers: N/A

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