

Resources Department  
222 Upper Street  
London, N1 1XR

Report of: Corporate Director of Resources.

Date: 19<sup>th</sup> January 2024

Ward(s): n/a

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**Appendix 1 to this report is not for publication because it contains exempt information.**

## Subject: Contract award report for Pensions Administration Software

### 1. Synopsis

- 1.1. This contract award report is in relation to the procurement of a pensions administration software to provide the Pensions Team with a technology solution to enable continued service provision and further resilience.

### 2. Recommendations

- 2.1 To note the summary evaluation outcome of submissions of Service provider A and B (attached as exempt Appendix 1) for the procurement of the pension administration software.
- 2.2 To note that the contract award to the winning tender is based on the most economically advantageous tender, delivering best value for money in combination of price and quality as scored by the evaluation panel.
- 2.3 To approve the award of the contract to service provider A as recommended (attached in exempt Appendix 1) subject to agreeing terms and conditions for a period of up to 60 months from February 2024 with an option to extend for 2 years. The maximum value of the contract over the seven year period is £1.8million.

### 3. Date the decision is to be taken

3.1. 19<sup>th</sup> January 2024

### 4. Background

#### 4.1. **Nature of the service**

4.1.1. The Pensions Team is responsible for the administration of the Local Government Pensions Scheme (LGPS) for Council employees and employees of other organisations that have chosen to participate in the Scheme. The Pensions Team handles a consistently high volume of work. The work of this team includes all aspects of pension's administration, assisting in matters of interpretation of the scheme, policy implementation and the processing of estimates, transfers, retirements, divorces, and deaths.

4.1.2. The Pensions Team provide information to senior managers and HR during any process of organisational change and workforce planning. Underpinning all of this is a heavy reliance on the pensions administration software.

4.1.3. The pension's function is also highly regulated with governance and oversight performed by the Pensions Board, the Pensions Regulator and Pensions Ombudsman, the last two bodies empowered to impose financial sanctions for maladministration.

#### 4.2. **Options appraisal**

4.2.1. A full options appraisal was been considered in the [procurement strategy](#) and it was determined that the national LGPS Framework for Pensions administration software as the most efficient route to market.

#### 4.3 **Procurement Process**

4.3.1 The procurement process was undertaken via the National LGPS Framework for Pensions Administration Software Primarily in Support of the Local Government Pension Scheme (NCCT41608) contract as a single stage Further Competition process.

- 4.3.2 Two submissions were received in response to the call for further competition. This was as expected given the few competitors in the market capable of providing this software.
- 4.3.3 Members of the evaluation panel were the Deputy Director of Finance Corporate, Head of Treasury and Pensions and the Pensions Manager.
- 4.3.4 There was a significant amount of work that was required to build the specification both with Islington Digital Services, Procurement and the Pensions Team which delayed the invitation to tender to October 2023.

#### 4.4 Evaluation

- 4.4.1 The criteria below were used to evaluate the further competition submissions:

Cost price - 30%

Quality - 70%

- 4.4.2 Quality criteria (70%) was split as outlined below in Table 2

Criteria	Weighting
Social Value	20%
Implementation	10%
Training resources	10%
Product Development	10%
User Engagement	10%
Support & Maintenance	5%
Business Intelligence	5%

- 4.4.3 The contract is being awarded to the most economically advantageous tender. The winning tender service provider A achieved the highest score in the evaluation process (see exempt Appendix1).

## 4.5 Key considerations: outcomes, efficiencies, and savings

- 4.5.1 Delivering a contribution to the Council's social value objectives is a key element of this procurement strategy. The supplier must demonstrate their contribution over the duration of the contract to economic, environmental, and social benefits.
- 4.5.2 The considerations of the social value outcomes and benefits demonstrated in the service providers submission is detailed under the social value criteria evaluation description in exempt appendix 1 (attached)
- 4.5.3 A commitment by the successful provider to pay at least the National Living Wage is a requirement of the final call-off contract agreement.
- 4.5.4 There is no TUPE, pensions or staffing implications associated with this procurement and subsequent contract award recommendation.
- 4.5.5 The Pension Fund is looking to improve its service as part of this procurement process, as such there will be a number of service improvements, with the most notable being access to member self service for the first time. This will also include access to the i-connect data service and hosting on the providers own servers as opposed to Islington's (which is a significant risk to the Council's data currently).
- 4.5.6 As a result of the increased scope of the service, the contract price has increased by a significant amount, from £140k per annum to £260k per annum. The cost is reflective of all project and implementation costs. This increase in cost will be paid wholly by the Pension Fund and is not a direct cost to the general fund.

## 4.6 Contract management

- 4.6.1 The timetable for award and implementation is as out below:

Evaluation of submissions	December 2023
Issue Intention to Award letters	January 2024
Standstill Period	January 2024
Contract Award	February 2024
Implementation commencement	March 2024

- 4.6.2 The Head of Treasury and Pensions will be responsible for the contract management.

- 4.6.3 Support and maintenance was an award criterion for each provider and a separate service level agreement will be agreed after the award with response times and performance indicators in line with the providers contract submission.
- 4.6.4 The bidders have quoted an all-inclusive fixed 5-year contract price and no variations are anticipated.
- 4.6.5 Contract management meetings will be held at least quarterly and more frequently during implementation period based on needs of the service and performance requirement of the provider.
- 4.6.6 Business Risk

Risk	Likelihood	Impact	Mitigation
Delay in procurement	Low	Low	Existing contract programme in place
Service provider performance	Low	Medium	KPI, rigorous assessment at tender and contract management

- 4.7 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale, or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

## 5 Implications

### 5.1 Financial Implications

- 5.1.1 The cost of administering the LGPS is chargeable to the Pension Fund. There is no charge to the general fund on the estimated value of the contract covered in section 2.2. The cost of the service will increase from approximately £140k per annum to £260k per annum.

## **5.2 Legal Implications**

- 5.2.1 The council has power to procure and enter into this contract pursuant to Section 111 of the Local Government Act 1972, Section 1 of the Local Government (Contracts) Act 1997 and Section 1 of the Localism Act 2011.
- 5.2.2 This contract was procured via a mini competition through the National LGPS Framework for Pensions Administration Software which is compliant with the Public Contracts Regulations 2015 and the council's Procurement Rules.
- 5.2.3 The Corporate Director of Resources has power to award contracts of this value pursuant to Procurement Rule 18.1.1 and may award this contract subject to being satisfied that the contract represents value for money for the council.

## **5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 5.3.1 There are no direct environmental implications associated with the purchase of new pensions administration software.

## **5.4 Equalities Impact Assessment**

- 5.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 5.4.2 An Equalities Impact Assessment is not required in relation to this report, because there are no adverse impacts in terms of equalities arising from the contents of this report.

## **6 Conclusion and reasons for the decision**

- 6.1 The tendering process is now complete, and submissions received from Service provider A and B have been evaluated and scored using the criteria agreed by the procurement strategy. The recommendation is to award the contract to Service provider A (as per exempt appendix 1) for a period of 60 months with the option to extend for two years subject to agreeing terms and conditions.

## 7 Record of the decision

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Authorised by:

**Corporate Director of Resources**

Date: 19 January 2024

### **Appendices:**

- Exempt Appendix1

**Background papers:** none

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