

Report to: Pension Committee

Date of meeting: 4 September 2017

By: Chief Operating Officer

Title: Timetable for Procuring Administration System

Purpose: To provide the Committee with the procurement options and planning timetable for selecting an administration system.

RECOMMENDATIONS

The Board is recommended to:

- 1) agree the recommended procurement approach of a restricted tender; and
 - 2) consider the timing options to commence the re-tendering process.
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1 Background

1.1 This report is intended to provide the Committee with information relating to the timetable of activities, milestones and decision points expected as part of the exercise to determine the most appropriate system solution to deliver Administration on behalf of the East Sussex Pension Fund. This report should be read in conjunction with appendix 1.

1.2 The Committee will recall approving the proposal for Orbis Business Operations to enter into a 5 year agreement with Heywoods, commencing in April 2016.

1.3 The Committee indicated that approval to proceed with the Heywood contract was contingent on Orbis committing to reviewing alternative options for administration systems, in sufficient time to enable implementation at the earliest contractual break clause.

1.4 The agreement allowed for break clauses to be invoked at the end of years 3 and 4 albeit with exit penalties.

2 Procurement options

2.1 From a procurement perspective, there are 3 options to review the market and make a decision on a future administration system. These can be summarised as;

- **Mini competition;** This approach is where you call off from a framework without requiring to carry out a full tender exercise. This option is not recommended due to the nature of the two frameworks in existence, one with only Heywoods as the provider, the other with Civica and Equiniti i.e. neither framework provides for all three primary systems in the market to bid.
- **Open Tender;** Being open to the full market, this approach is likely to result in many unsuitable bids being submitted resulting in excessive officer's time being used to formally review and respond. This approach is therefore not recommended.
- **Restricted Tender;** This process allows for pre-qualification of potential providers before full bids are submitted. Whilst allowing for the full market to access, bids will be limited to those providers who meet the criteria. **This is the recommended approach.**

2.2 Details of the timeframes of each option and the recommendation based on advice received from the East Sussex procurement team, along with the associated risks and benefits are shown on appendix 1.

3 Timetable and Decisions

3.1 The Committee is asked to consider the recommendation of the procurement team that a restricted tender be the most appropriate process to follow for the licensing of a dedicated LGPS administration system.

3.2 In consideration of the Committee supporting the approach to carry out a restricted tender, the Committee is asked to consider the options available to commence the re-tendering exercise.

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