

**Report to:** Pension Committee

**Date of meeting:** 27 November 2017

**By:** Chief Operating Officer

**Title:** Market analysis of Pensions Administration System

**Purpose:** To provide the Committee with an options appraisal of administration systems available to LG Pension Funds

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## ***RECOMMENDATIONS***

**The Committee is recommended to acknowledge and note the market analysis provided.**

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### **1 Background**

1.1 Following the provision of a report at the Committee meeting of 4<sup>th</sup> September 2017 outlining the timetable of activities, milestones and decision points expected as part of a re-procurement exercise to deliver an Administration system on behalf of the East Sussex Pension Fund, a further report was requested by the Committee. The report was to provide an appraisal of the Pensions Administration system market place. This report should be read in conjunction with appendices 1 & 2.

1.2 The Committee will recall the earlier reports outlining the choices available to the procurement approach as well as the break clauses with the incumbent system provider, Heywood. Also noted in the report at the meeting of 17 July 2017 were the financial penalties for invoking early exit break clauses.

### **2 Market analysis**

2.1 The Orbis procurement team have carried out a market appraisal of local government pension administration software providers, the results of which are detailed in appendix 1. A helpful national landscape map showing which Authorities use which system is also attached as appendix 2.

2.2 There are 4 main providers of administration systems, Heywood, Capita, Civica and Equiniti. The largest provider in respect of organisational usage and scheme membership is Heywood.

2.3 Other providers have modest market share, with Civica providing services on behalf of some of the largest local authorities in England.

### **3 Cost analysis**

3.1 In respect of pricing comparison, the complexity of these systems in terms of licensing and implementation means there is no whole of market data available to identify like for like costing analysis.

3.2 Access to a framework through Kent CC was previously achieved where Civica and Equiniti were preferred providers and pricing was available. This framework, however was put in place in 2013 and has since expired and not reinstated.

3.3 Using existing contacts at two Authorities who currently use the Civica system, requests have been made to share indicative costs and at time of writing this report we still await responses.

Regardless of the outcome of these requests, it is the professional opinion of Procurement that an initial Request for quote (RFQ) followed by a restricted tender will best achieve the results required to compare cost and capability.

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