

# ITEM NO: 14(b)

<b>Report To:</b>	<b>Pension Fund Management Panel</b>
<b>Date:</b>	5 March 2010
<b>Reporting Officer:</b>	Peter Morris, Executive Director of Pensions
<b>Subject:</b>	<b>NEW COMPUTERISED PENSIONS ADMINISTRATION SYSTEM</b>
<b>Report Summary:</b>	The report considers the case for and recommends a replacement of the existing computerised administration system.
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>(i) The Panel &amp; Advisory Panel are recommended to authorise the Director of Pensions to procure a new pensions administration system, subject to a satisfactory tender being received.</li><li>(ii) That a further report be submitted to the Ethics and Audit Working Group (or the Management Panel) giving detailed analysis of costs together with an implementation timetable following initial appraisal of the tenders received.</li></ul>
<b>Financial Implications: (Authorised by the Borough Treasurer)</b>	Year One costs are estimated to be £500,000 - £600,000. Ongoing annual maintenance is estimated to be £150,000 compared to the existing provision for this service of £130,000, a net increase of £20,000.
<b>Legal Implications: (Authorised by the Solicitor to the Fund)</b>	The corporate tendering procedure will be applied. Any specification will need to account for working differently now and into the next decade.
<b>Risk Management:</b>	A modern administration system should be easier to use and the existing system is in danger of becoming obsolete.
<b>ACCESS TO INFORMATION</b>	<b>NON-CONFIDENTIAL</b>
	<b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>
<b>Background Papers:</b>	There are no background papers. For further information please contact Ged Dale, Greater Manchester Pension Fund, Tel 0161 301 7227, email <a href="mailto:ged.dale@gmpf.org.uk">ged.dale@gmpf.org.uk</a>

## **1. PENSIONS ADMINISTRATION SYSTEMS**

- 1.1 The computerised administration system used in the Pensions Office is called AXISE and it went live in 2001. Since then it has been central to most of the work done in the Pensions Office, with its modules providing for:
- the storage of membership data;
  - benefit calculations;
  - document production;
  - task management;
  - payroll;
  - data extraction for such as the valuations;
  - imaging; and
  - statistical reports.
- 1.2 The system is subject to regular updates to ensure it reflects the current regulatory environment where possible.
- 1.3 Larger employers within the Fund also have access to AXISE and thus, for example, can produce their own estimates of benefits for those considering retiring and utilise the task management facility working with the Pension Office.
- 1.4 Newer products are now on the market with better functionality and which are easier to use. Our current provider that is also the current market leader has also introduced a new product. Existing AXISE clients are migrating to these newer systems. The supplier of AXISE is focussing developments on its replacement product and not therefore on AXISE. In time, AXISE will stopped being maintained.

## **2. TENDER EXERCISE**

- 2.1 There is a long lead time for introducing a replacement administrative system and thus it is proposed that the process start in the first quarter of 2010/11 rather than waiting until AXISE is obsolete. This should allow the replacement hardware and software to go live during Quarter One 2011/12.
- 2.2 The estimated cost necessitates that the procurement process follows the European tender rules.

## **3. ESTIMATED COSTS**

- 3.1 Accurate costs will not be known until tenders are received, but estimated acquisition and set up costs, which will include the purchase of a new computer, are circa £500,000 to £600,000. These costs do not include any provision for internal implementation costs.
- 3.2 Ongoing annual maintenance costs are estimated to be £150,000 compared to existing costs of £130,000 giving a net increase in running costs of £20,000.
- 3.3 It is proposed that an update and more detailed analysis of costs together with a detailed timetable be submitted to the Management Panel or Ethics and Audit Working Group (dependant on time constraints) following initial appraisal of tenders received.

#### **4. RECOMMENDATIONS**

- 4.1 The Panel and Advisory Panel are recommended to authorise the Executive Director of Pensions to procure a new pensions administration system, subject to a satisfactory tender being received.
- 4.2 That a further report be submitted to the Ethics and Audit Working Group (or the Management Panel) giving a detailed analysis of costs together with a detailed implementation timetable following initial appraisal of the tenders received.