

## Executive Decision Making by an Officer with Delegated Powers

Decision to be taken by: Jo Walker – Director: Strategic Finance

Pursuant to an Authorisation from: Not Applicable.

Report title: Direct Award to Heywood Limited of a Hosting Contract for the Altair Pension Administration System commencing on 1<sup>st</sup> April 2019 and ending on 16<sup>th</sup> June 2023

<b>The decision</b>	<p>That the Director: Strategic Finance:</p> <ol style="list-style-type: none"> <li>1. Directly awards a contract to Heywood Limited for the period from the 1<sup>st</sup> April 2019 to 16<sup>th</sup> June 2023 for the provision of hosting services for the Altair Pension Administration System, such contract having an estimated total value of £480,000.</li> <li>2. Authorises the Head of Legal Services to attach the Council's seal to the above contract and execute the same on behalf of the Council.</li> </ol>
<b>Background documents</b>	None
<b>Reasons for the decision</b>	A Hosting Contract is needed to ensure the stability and integrity of the Altair Pension Administration System so as to enable the Fund to continue to provide the required statutory pension services on behalf of the Council.
<b>Resource implications</b>	All costs associated with the Hosting contract will be funded from within the Pensions Budget.
<b>Who has been consulted?</b>	<p>Consultation has been undertaken with: Cllr Ray Theodoulou – Cabinet Member and Chair of the Pension Committee</p> <p>Fiona Williams and Chris Keenleyside – Commercial Services</p> <p>Andy Gilbert and Sue Rossiter - ICT</p>
<b>What were their comments?</b>	
<p>Cllr Ray Theodoulou – Supports the proposed way forward. <i>&amp; confirmed this at meeting 14/1/2019.</i></p> <p>The Head of ICT has confirmed that he supports the proposed way ahead which he feels reduces current significant risks and is in accordance with the agreed Council ICT Strategy.</p> <p>Commercial Services are also supportive of the recommendation.</p>	

Legal advice is that the Council can directly award the contract to Heywood Limited in accordance with Regulation 32(2)(b) of the Public Contracts Regulations 2015 where:

- (i) competition is absent for technical reasons; and
- (ii) no reasonable alternative or substitute exists; and
- (iii) the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

The information set out in the Background section of this decision report details the technical reasons the Council is relying on in support of its assertion of the nature of the technical reasons justifying the lack of competition. Similarly, the section also sets out the reasons why no reasonable alternative or substitute exists to the proposed Hosting arrangement. There has been no artificial narrowing of the parameters of the Hosting Contract as similar issues are likely to exist whatever software Pensions System had been employed.

In addition, the Council is able to directly award a contract to Heywood Limited in compliance with its own Contract Standing Orders 9.6(a), for the same reasons.

### **Background/Context**

The Council has entered into a five year contract for the provision of Software and Support Services for the Altair Pension Administration System from Heywood Limited. That contract will come to an end on the 16<sup>th</sup> June 2023.

The Council requires that the Pension Administration System is now hosted externally and maintained by Heywood Limited as this will pose a significantly lower operational risk to the Fund and will provide greater efficiency in connection with the management of the Fund. In addition, it will also prevent the reoccurrence of recent security issues that ICT have identified with the system running on the Council's own servers.

The current arrangements in relation to the administration of the Pension System are that the Heywood Altair Pensions Administration software is run on servers and infrastructure hosted internally by the Council which are in turn managed via a third party outsourced ICT service provider; Sopra Steria.

This reliance on multiple providers causes operational difficulties when faults arise in trying to identify who is responsible for the resolution of the fault, i.e. whether the fault is with the Altair software (Heywood's responsibility), OR the servers and/or operating system (i.e. the hosting environment) within which Altair is running (Sopra Steria's responsibility).

Similarly, software and hardware "Version Control" issues arise where upgrades/changes/security patches are applied to either the Altair software (Heywood's responsibility) and/or the operating system software (Sopra Steria's responsibility). There have been many instances of technological incompatibilities which have caused application failures and system issues, ultimately impacting upon all end users of the Pension Administration System.

Consequently this approach to Pension System support has resulted in considerable resource implications for Pensions Section and loss of functional operability in managing the resolution of issues which have arisen. These often occur at business critical times. With ever increasing requirements being placed on the limited resources within the Pensions Section, this is no longer a viable way for the Section to manage the Altair system.

Clearly, a similar scenario could potentially exist if any third party provider were contracted to separately provide external hosting of the Altair system.

Consequently, in order to remove these technical problems, it is essential that the Council commissions a "single point of contact and resolution" for all Altair Pension System issues. This can only realistically be achieved by the Altair software being hosted directly by Heywood themselves. Operationally, all system issues would then be reported directly by the Pensions Section to Heywood's for them to resolve thus removing the need for the Pensions Section to "manage" any compatibility issues between the software supplier and the hosting provider. "Version Control" issues would be eliminated as Heywood's are able to fully test Altair and operating software updates fully before releasing into the Live environment and they will be contracted to do so in accordance with agreed service levels.

Additionally, Heywood's hosted solution is tailored for and is exclusively offered to users of Altair and related service modules. Provision of such a service by Heywood enables them to ensure that the hosted environment and Altair software are tuned to run as effectively and efficiently as possible together; reducing potential failures and any risk of system outages. Only Heywood's have specialist knowledge of the Altair system and as a result, are uniquely placed to fully manage the Altair system and its hosted environment.

Further, there are no reasonable alternatives or substitutes for this service available in the market place without replicating the current technical and operational difficulties experienced by the Council in operating the system on servers in an environment maintained by a third party.

### **Disaster Recovery (DR)**

Disaster Recovery is an integral part of the hosting service and service continuity is an essential feature of any system design activity and subsequent support contract. A single provider for both the Altair system and hosted environment also ensures a simpler and more resilient and effective Disaster Recovery provision, thereby reducing system outage time should the worst happen. With Heywood's inherent knowledge of Altair and the underlying hardware architecture, Heywood's are uniquely placed to provide a speedy resumption of service following a disaster.

### **Member Self Service (MSS)**

As part of the further development of the Pensions Administration service, it is intended in the medium term future to purchase and introduce an additional Altair MSS module onto the core Altair system. This will provide scheme members with the ability to access their own pension records via the internet and subsequently undertake certain estimates and inform the Pension Section directly of changes to their personal details (change of address etc.) online.

Heywood's can implement and manage this service in a secure manner as part of their hosted offering as their service has been developed and implemented with MSS in mind. Heywood's will be in a position to provide substantially more advice and support during the implementation and ongoing maintenance of the MSS module where it is hosted with them, as they have direct access to its configuration. They are also uniquely placed to advise on and subsequently implement any routine or detailed presentational or configuration changes required of MSS by the Council.

The move to a single point of contact for reporting and resolution of all support and development issues relating to this business critical system meets with the strategic direction of travel of the Council's ICT strategy in moving towards the purchase of commercial "off the shelf" products and support.

The Hosting Contract will be co-terminus with the Council's contract for the Altair Pension Administration System and Support Services which will enable the Council to tender for a full combined replacement service at the appropriate time.

### **Alternative options considered and why they were rejected**

- Recommended:
  - that the Council enters directly into a contact with Heywood Limited for the Hosting of the Altair Pension Administration software for a period commencing on 1<sup>st</sup> April 2019 and ending on 16<sup>th</sup> June 2023 (the same end date as the contract for the provision of the Altair software).
- Not recommended:
  - Continue with current internal arrangements. This was rejected because it would not address the serious risk issues identified in this report, summarised in the risk section below, and would continue to utilise a disproportionate amount of the limited time of the Pensions Administration Manager.
  - Procure a contract with a third party supplier to separately provide external Hosting of the Altair system. This was rejected because the key factors which exacerbate the issues experienced in managing the current arrangement would still exist.

### **Risk Analysis**

There is a need for a robust Pension Administration system which is provided by a reputable supplier with a history of good service delivery.

The Council's ICT department also has serious concerns regarding the resilience of the current position with the result that the move to new servers is becoming critical:

- Current Servers are well beyond "end of life", having been commissioned and in service since 2009/2010.
- There is currently not a full Disaster Recovery (DR) solution in situ. Whilst the servers and data are backed up, a full DR plan does not currently exist. This is a very major concern for the Fund which would be addressed with a move to the Heywood's hosted offering.
- Current Servers are very low on disk space, which is causing a number of problems for the Council's IT Department when patching. Patching has already failed on a number of occasions and has required manual intervention from Sopra Steria to rectify the position.

### **Equalities considerations**

Not applicable

**Has a Due Regard Statement been completed?** No

**Has any conflict of interest been declared by any Cabinet Member consulted on the decision?** No

*The council's Monitoring Officer should be consulted, in the first instance, if any conflict of interest is declared by a Cabinet Member.*

**If any conflict of interest declared, was a dispensation granted by the Audit and Governance Committee of the Council?**

**Does this decision report form or any supporting papers provided contain confidential or exempt information?** No

*(Refer to Democratic Services Unit for advice if necessary)*


*If Yes, please provide details of document(s) that are confidential or exempt*

**Does this decision need to be published on the GCC website?** No.

*(Refer to guidance on "Executive Decisions taken by Officers").*

In coming to this decision I have given due and full regard to the requirements of the Public Sector Equality Duty contained in section 149 of the Equality Act 2010 ("the Act") by reference to the law itself and also the relevant Due Regard Statement, which was/were prepared in accordance with the requirements of the Act.

Having fully considered all available information, I have decided to reject any alternative options and take the recommended decision(s), for the reasons set out in this report.

Signed  
Jo Walker – Director: Strategic Finance 

Date: 14th January 2019 14/1/2019

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