

WIRRAL COUNCIL

PENSIONS COMMITTEE

18TH SEPTEMBER 2012

SUBJECT:	ALTAIR IMPLEMENTATION UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	PATRICIA GLASMAN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Members on progress with implementation of the Altair Pensions Administration system, to report a contract variance in accordance with Contract Procedural Rules and to recommend that the option to extend the contract for two years (from December 2014 to December 2016) is taken up. The contract variance has arisen because of a lack of a contingency in the original plan to allow for upgrades and on going maintenance.
- 1.2 The appendix to the report, (Update on Altair, Implementation and Costs), contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Members will be aware that Pensions Committee approved the procurement of the Altair system from Heywood on 14th January 2009 to commence 1st January 2010 and received an update on 27th September 2010 also approving additional expenditure on hardware. Heywood were the existing software provider and the costs for the five year period included an increase in the annual licensing fee and migration costs for the transition to Altair from AXIS during 2011. There have been a number of changes to the costing and timing of the project, most significantly at the signing of the contract and a Project Initiation Document in September 2010. The impact on costs of these is detailed in the exempt appendix. These cost increases in cost delays are not the fault of Heywood as driven by external factors and with hindsight some allowance for upgrades of this nature could have been built in to original plan.
- 2.2 The project has been delayed and costs increased due to a number of external factors including
- Changes to LGPS Regulations
 - The move of MPF to Oracle software for financial systems
 - The need to move to Windows 2008

- 2.3 There have also been delays and increase to costs due to other issues including operational matters relating to delivery of hardware, problems with firewall security and additional training requirements.
- 2.4 The ongoing licensing costs have been as reported to Committee in January 2009. The changes in cost are limited to the migration costs. The additional costs have been made on a time and materials basis agreed within the original tender documents. These are detailed in the exempt appendix.
- 2.5 The system is due to go live on 12th September 2012.
- 2.6 It is recommended to take up the contract option extension of 2 years taking the use of software to 31st December 2016, for the following reasons.
- The system migration has been delayed, however MPF Operations team are satisfied that this is not due to faults by Heywood
 - The system (AXIS) has worked well in the interim and not been detrimental to service delivery
 - Taking up the extension option will enhance efficiency as there will not be any other implementation or procurement costs in the extra two year period. It will also give time for other competitors to emerge following the LGPS 2014 reforms which may improve the procurement outcome.

3.0 RELEVANT RISKS

- 3.1 The provision of an administration IT system is critical to the core operations of MPF. Without these systems the ability to maintain member records and pay pensions is fundamentally compromised.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not relevant for this report

5.0 CONSULTATION

- 5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The out-turn costs incurred during this contract compared to initial estimates are outlined in the appendix. Any additional costs incurred have been paid out of Pension Fund resources over current and previous financial year and where budgets have been exceeded these have been off set against under spends in other parts of the MPF budgets and overall administration spending has been within budgets over the past 3 years. For future budgets post March 2013 the ongoing licence fee is assumed within the medium term plans.

7.2 This project has utilised staffing resources within both MPF specifically and WITS but has not entailed any increase in resources, post implementation of the system the on-going maintenance will be met from existing resources. In September 2010 Committee agreed the purchase of hardware for implementation of the system. The implementation has also necessitated a purchase of a VPN server for £16,000 and licences for Oracle costing £6,598.

7.3 There are no staffing or assets resources arising from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 Members note the progress report on the implementation of the Altair Pensions Administration system

12.2 Members note the contract variation contained within the exempt appendix.

12.3 Members agree to take up the option to extend the contract with Heywood for provision of a pensions administration IT system for two years (from December 2014 to December 2016).

12.4 Future IT contracts and project plans will include in the contingencies within the costing analysis for potential upgrades and migration issues.

13.0 REASONS FOR RECOMMENDATION

13.1 Recommendation 12.1 is being made in accordance with the scheme of delegation to Pensions Committee as set out in Part 3 Schedule 2 Pensions Committee paragraphs 1, 5 and 8.

13.2 Recommendation 12.2 is being made in accordance with Contract Procedural Rule 16.1.2. These costs have incurred due to technical reasons to ensure delivery of the contract and are there being reported at the first Pensions Committee after occurrence.

13.3 Recommendation 12.3 is being made, for the reasons set out in 13.1 and because Officers judge that this is the best option in terms of risk control and value for money.

13.4 Recommendation 12.4 is being made to improve future practice in ensuring the future contracts and project plans are correctly budgeted and therefore reducing the risk of contract variations.

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APPENDICES

1. Update on Altair, Implementation and Costs

REFERENCE MATERIAL

Contract Procedural Rules
Internal Working Papers relating to Contract and Project Development

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
PENSIONS COMMITTEE PENSIONS IT ADMINISTRATION SYSTEM	14 JANUARY 2009
PENSIONS COMMITTEE ALTAIR IT HARDWARE	27 SEPTEMBER 2010

