



## Report of the Section 151 Officer

Local Pension Board - 15 October 2019

# Aquila Heywood Altair LGPS Administration System Transition to a Cloud Hosted System

<b>Purpose:</b>	To note the transition of The Aquila Heywood Altair Pension Administration system from a server based system to a cloud based hosted system
<b>Consultation:</b>	Legal, Finance and Access to Services.
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<b>For Information</b>	

## 1. Introduction

- 1.1 Aquila Heywood's Altair LGPS Software system has been used by The City & County of Swansea Pension Fund since 2010. Aquila Heywood's previous software package was utilised from 1996- 2010. This is the system that maintains:
- members'/pensioners' records ( details, next of kin, death grant nominations, payroll data, period of employment, )
  - calculates pension payable
  - calculates benefits payable
  - records employee/ employer contributions

It is the vital data set and provides the prime source of data used to undertake the statutory actuarial valuation calculations. The LGPS is recognised as a complex defined benefit scheme, ostensibly comprising of 3 schemes within a scheme ( pre 2008; 2008- 2014 and post 2014) each with their own set of applicable regulations and changes which are constantly changing (even retrospectively as in the recent Mc Cloud case example) which the system needs to reflect and take into account when it undertakes its calculations.

1.2 The Altair LGPS software system is used by over 90% LGPS funds in the UK. Currently there are 2 other known suppliers with only a handful of clients each.

1.3 The benefits of having a system that is widely used is that there are economies of scale when software changes are required as a result of legislative changes and there is the collective power of negotiation to enable changes to be affected e.g to support CIPFA's Performance Indicator work.

## 2. **ICT Infrastructure**

2.1 The current adopted use of the software package is via a traditional physical load of the software and data on physical servers located on a Swansea Council site. It is the responsibility of the administration authority ( Swansea Council) to maintain and ensure operation of the system and test and implement all new upgrades/patches as required.

2.2 The current version of Altair requires upgrade to v10 in the next 6 months which would require the upgrade and transfer to a new server, with external audit WAO having identified the need for server upgrade as a systemic risk.

2.3 In a similar vein, Swansea Council is currently undertaking a corporate review of how it delivers its major ICT services to its clients. The Council is due to receive a report in September 2019 recommending that its main Enterprise Resource Planning Resource ( ERP) supplied by Oracle is migrated from the current server based model to a hosted cloud based solution, which enables better resilience, more responsive problem resolution, risk transfer and a host of additional operational and efficiency benefits.

## 3. **Aquila Heywood Altair Cloud Hosted Proposal**

3.1 Aquila Heywood have submitted a business case proposal and migration plan attached at Appendix 1 to migrate the current server based software to a fully cloud based hosted system of the software incorporating the new v10. Upgrade. Benefits of hosting are:

- system is fully hosted on Aquila Heywood Cloud servers – no more concerns about replacing or upgrading servers, size, storage or memory
- hosted service is provided by pension technical experts
- Security – they have the latest technology and processes in place to guard against security breaches and cyber attacks
- Performance – the hosting service is fast and reliable, they pro-actively monitor performance levels to ensure continuity of service, supporting agile working
- Full Disaster Recovery & Business Continuity testing – annual tests
- Improved ease of access – carrying out upgrades is easier and quicker
- Full penetration testing

3.2 The cost of migration is outlined as approximately:

Implementation costs	£40,500
Server set up now not needed	Less
	£22,000
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Net one off set up costs	£18,500
Ongoing annual hosting fee	£85,775
Less server purchase	Less
	£30,000
Less annual license	Less
	£45,000
Less maintenance	Less £
	5,000
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Net ongoing cost year 1	£5,775
Net ongoing cost year 2 onwards	£35,775

Costs are for a 5-year contract.  
All costs are plus VAT and subject to indexation.

**4. Financial Implications**

4.1 The financial implications of the report are that costs will be approximately as outlined in 3.2 and that this can be accommodated within the existing administration budget

**5. Legal Implications**

5.1 There are no direct legal implications arising from this report

**6. Equality Impact Assessment Implications**

6.1 An EIA Screening has been undertaken and no E&EIs have been identified.

**Background papers:** None.

**Appendices:** Appendix 1 – Connectivity Services.