

Award of a contract for the provision of actuarial services to the Gloucestershire Pension Fund.

AGENDA NO: 11

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| Cabinet Date | 10 th October 2018 |
| Finance and Change | Cllr Ray Theodoulou |
| Key Decision | Yes |
| Background Documents | Report to the 7 th September 2018 meeting of the Gloucestershire Pension Committee |
| Location/Contact for inspection of Background Documents | www.gloucestershire.gov.uk |
| Main Consultees | Members of the Gloucestershire Pension Committee |
| Planned Dates | It is intended that the tender process will commence by the end of October 2018. |
| Divisional Councillor | N/A |
| Officer | Jo Walker, Director of Finance and Enabling Services Email: joanna.walker@gloucestershire.gov.uk Mark Spilsbury, Head of the Gloucestershire Pension Fund Mark.Spilsbury@gloucestershire.gov.uk 01452 328920 |
| Purpose of Report | To seek approval for the procurement a seven year contract for the provision of Actuarial Services to the Gloucestershire Pension Fund ("the Fund"). |
| Recommendations | That Cabinet authorises the Director of Finance and Enabling Services to: <ol style="list-style-type: none">1. enter into an Access Agreement with Norfolk County Council to access the National Local Government Pension Scheme (LGPS) Framework ("the Framework") and pay Norfolk County Council an access fee of £5,000;2. conduct an EU compliant tender processing using the Framework for the award of a seven year contract, having an initial term of four years and an option to extend for a further three years, for the provision of Actuarial Services to the Fund with a total estimated value of £1.4m; |

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| | <p>3. upon conclusion of the tender process to enter into a contract with the preferred provider evaluated as offering the Council best value for money for the delivery of the services. In the event that the preferred provider is either unable or unwilling to enter into a contract with the Council then the Director of Finance and Enabling Services is authorised to award a contract to the next willing highest placed suitably qualified provider for delivery of the services.</p> |
| <p>Reasons for recommendations</p> | <p>Detailed in paragraphs 1 and 2 in this report.</p> |
| <p>Resource Implications</p> | <p>The full costs of this contract will be met by the Fund, with specific items recharged to individual employing authorities as appropriate. There is no direct financial implication for the Council.</p> <p>As a guideline, the total cost of these services over the last four year period (2014/15 to 2017/18) was in the order of £200,000 pa, of which around 50% was directly recharged to employers within the Fund based on the actuarial services provided to them.</p> |

1. BACKGROUND AND PROPOSAL

It is a statutory requirement for the Council as the Administrating Authority for the Fund to obtain from an actuary a triennial valuation of the Fund's assets and liabilities, a report in respect of the valuation, and a rates and adjustments certificate.

The current contract with Hymans Robertson LLP to provide these and other actuarial related services expires on the 31 March 2019.

It is proposed that the Council uses the Framework in order to procure a contract for the provision of actuarial services to the Fund.

The benefits of using the Framework for this exercise are that it will save time and money in comparison with the Council conducting its own separate OJEU procurement process, without compromising the quality of the successful provider. There are four nationally recognised suppliers of actuarial services to UK LGPS funds, each of which has been appointed to the Framework.

Those suppliers have already been through a full procurement process, run by Norfolk County Council, to be appointed to the Framework which included an evaluation of their financial and business standing, quality management and environmental management.

There is a one off fee of £5,000 payable to Norfolk County Council to access the Framework. The Council will run a mini competition under the Framework, inviting all the four suppliers in the Framework Lot to submit tenders based on the Fund's specific requirements, addressing both quality and cost for the provision of the Services. The

proposed contract will be for a term of seven years, comprising an initial term of four years with an option to extend for a further three years. The proposed contract term will ensure that the Services will not end on the same date as a triennial evaluation.

It is intended to commence the mini competition process by the end of October 2018.

2. OPTIONS CONSIDERED

The following options were considered:

1. Extend the current contract. This option was discounted because the current contract contains no contractual right to extend and any purported extension would be in breach of the framework terms under which the contract was originally procured.
2. Direct award a short term contract pending the conduct of a procurement process for the award of a longer term contract. This was discounted because of the duplication of time and resources needed to run two processes consecutively to achieve the proposed outcome.
3. Undertake a full OJEU procurement process to award a new longer term contract. This process was discounted because the four nationally recognised suppliers of actuarial services to LGPS funds are all on the Framework, and any significant benefits in running a full OJEU process could not be identified, particularly in the context of the additional costs involved.
4. Undertake a competitive tender process using the Framework. This is the preferred option as it is both time and resource efficient.

3. OFFICER ADVICE

The recommended option is Option 4, for the reasons set out in this Report.

4. RISK ASSESSMENT

The use of the recognised Framework ensures that a robust and transparent process is followed thereby reducing risks to the Council in its capacity as the administering authority of the Fund.

5. PERFORMANCE MANAGEMENT

The contract will be managed in line with the Council's contract management procedures and in accordance with the provisions of the call-off contract to be used when procuring of the Framework.

6. EQUALITIES CONSIDERATIONS

There are no specific equalities considerations.

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| Report Title | Award of a contract for the provision of actuarial services to the Gloucestershire Pension Fund. |
| Statutory Authority | The Council is acting in its capacity as the Administering Authority for the Fund. |
| Relevant County Council policy | |
| Resource Implications | <p>The full costs of this contract will be met by the Fund, with specific items recharged to individual employing authorities as appropriate. There is no direct financial implication for the Council.</p> <p>As a guideline, the total cost of these services over the last four year period (2014/15 to 2017/18) was in the order of £200,000 pa, of which around 50% was directly recharged to employers within the Fund based on the actuarial services provided to them.</p> |
| Sustainability checklist: | |
| Partnerships | The Framework is run by Norfolk County Council and is widely used by LGPS funds. |
| Decision Making and Involvement | Agreement from the Gloucestershire Pension Committee for the proposed procurement was obtained on 7 September 2018. |
| Economy and Employment | N/A |
| Caring for people | N/A |
| Social Value | N/A |
| Built Environment | N/A |
| Natural Environment' including Ecology (Biodiversity) | N/A |
| Education and Information | N/A |
| Tackling Climate Change | N/A |

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| Due Regard Statement | Has a Due Regard Statement been completed? No |
| Human rights Implications | N/A |
| Consultation Arrangements | The Pension Committee agreed the proposed procurement at its meeting on the 7 September 2018.. |