



<b>PENSIONS COMMITTEE</b> 23 September 2014	<b>REPORT</b>

<b>Subject Heading:</b>	Procurement of Actuarial Services to the Pension Fund
<b>Report Author and contact details:</b>	Contact: Karen Balam Designation: Transactional Manager Telephone: (01708) 432271 E-mail Address: <a href="mailto:Karen.balam@oneSource.co.uk">Karen.balam@oneSource.co.uk</a>
<b>Policy context:</b>	The contract provides for professional advice in connection with the Pension Fund's ability to meet its liabilities, with a valuation being carried out at least every three years in compliance with the Pensions Act 2004
<b>Financial summary:</b>	The net cost of Pension Fund actuarial services is charged to the Pension Fund

**The subject matter of this report deals with the following Council Objectives**

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

**SUMMARY**

Authorisation is sought to procure an actuarial services provider to the Pension Fund.

**RECOMMENDATIONS**

It is recommended that the Pensions Committee delegate:

1. To officers, as set out in section 2.4 of the report below, to undertake the procurement of the actuarial service provider.
2. To the Group Director of Resources to award the actuarial services contract at the completion of the procurement exercise.

**REPORT DETAIL**

**1. Introduction**

- 1.1. The contract for the Pension Fund actuary (with Hymans Robertson LLP) expires on 31 March 2015, having been extended for one year from 1 April 2014 as per the original tender for the contract that commenced in April 2010.
- 1.2. A new procurement exercise now needs to be carried out to secure actuaries from April 2015.
- 1.3. The Pension Committee has the delegated power under Part 3 of the Constitution, Responsibility for Functions to authorise staff to invite tenders and to award contracts to actuaries.

**2. Background**

- 2.1. Actuarial services includes the provision of advice and guidance to ensure compliance with the regulatory requirements of the Local Government Pension Scheme, including: the triennial valuation of the fund; carrying out opening valuations for new scheme employers; closing valuations for exiting scheme employers; and ad-hoc advice and guidance which takes account of their knowledge of the fund position and fund strategies.
- 2.2. Regulation 62 of the Local Government Pension Scheme Regulations 2013 requires a triennial valuation to be carried out by an actuary as at 31<sup>st</sup> March 2016 and every third year afterwards.
- 2.3. It is intended to conduct this procurement using one of the Local Government Frameworks for actuarial services, which are fully compliant with the Public Contract Regulations 2006
- 2.4. The Council can reduce the procurement time and costs using a local authority specific framework which has already been through a competitive tender, OJEU compliant procurement process.

## Pensions Committee, 23 September 2014

- 2.5. The project team for the procurement will be the Transactional Manager, Exchequer and Transactional Services and the Pension Fund Accountant.
- 2.6. Depending upon the final decision, it may be possible to implement the new contract before the end of the current contract to deliver greater benefits for the Pension Fund. Therefore, delegation of the decision to officers is requested to provide the opportunity for a timely decision to be made.
- 2.7. TUPE does not apply to this contract.
- 2.8. To secure best value the aim of the contracting process is to secure the new actuarial services contract at the existing current costs or less if this can be achieved.
- 2.9. The main project risks include:
- Not being able to secure the services of an actuary by the 31<sup>st</sup> March 2015; and
  - The cost of services increases;
- 2.9.1. These risks are being managed through the proposed use of one of the Local Government Frameworks for actuarial services that are currently already in place.

### **IMPLICATIONS AND RISKS**

#### **Financial implications and risks:**

Scheme employers and admission bodies meet the costs of actuarial services for opening and closing valuations, and for the assessment of bond levels to minimise risk to the fund when services are transferred to external bodies involving the TUPE of employees.

The net cost of Pension Fund Actuarial services is charged to the Pension Fund and during the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2014 the net costs were £155k

#### **Legal implications and risks:**

The Constitution enables the Pension Committee to delegate the function of undertaking all aspects of the commissioning of the actuarial service to officers, and there is therefore no apparent legal risk in making the recommended decision. Clearly the procurement process itself will need to be undertaken in accordance with the Contract Procedure Rules and relevant legislation and legal advice will be available at all stages.

**Human Resources implications and risks:**

There are no direct Human Resource implications arising from this report.

**Equalities implications and risks:**

There are no direct equalities implications and risk arising from this decision.

When procuring the service after the one year extension the Council's procurement process will be followed and an Equality Impact Assessment will be carried out as part of the process.

**BACKGROUND PAPERS**

Hyman Robertson's actuarial contract was procured for four years plus the option to extend for one year from 2010/11. The option to extend for one year from 1 April 2014 – 31 March 2015 was approved by a non-key Executive Decision report.