

**Report for:** Pensions Committee 9<sup>th</sup> February 2017

**Item number:** 12

**Title:** Pension Fund Contracts Extension

**Report authorised by:** Tracie Evans, Chief Operating Officer (COO)

**Lead Officer:** Oladapo Shonola, Head of Finance - Treasury & Pensions  
[oladapo.shonola@haringey.gov.uk](mailto:oladapo.shonola@haringey.gov.uk) 02084893726

**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Non Key decision

## 1. Describe the issue under consideration

- 1.1. This report requests approval to extend the Investment Consultancy contract for one year to 21<sup>st</sup> January 2018 and the Actuarial Services contract to 31<sup>st</sup> July 2017.

## 2. Cabinet Member Introduction

- 2.1. Not applicable.

## 3. Recommendations

- 3.1. That the Committee agree that the COO, under delegated authority, approve:
- 3.2. The extension of the Pension Fund's Investment Consultancy contract by one year to the 21<sup>st</sup> January 2018; and
- 3.3. The extension of actuarial services contract to 31<sup>st</sup> July 2017.

## 4. Reason for Decision

- 4.1. The Investment Consultancy contract with Mercer that was signed off in January 2014 has an option to extend to the contract for one year. Mercer has performed well during the first three years of the contract including securing substantial investment management fees for the Fund. Therefore, in line with the terms of the contract it is proposed that the option to extend for one year is taken up.
- 4.2. The existing framework agreement for actuarial services expires on the 27 February 2017. Owing to the fact that the Fund is required by

statute to retain the services of a professional actuary, the Fund would have needed to have, in place, a new contract for actuarial services from 1 March 2017.

## **5. Other options considered**

- 5.1. The Investment Consultancy contract could have been retendered, but given Mercers performance coupled, the option to extend for one year per terms of the contract is considered to be the best option for the Fund.

## **6. Background information**

- 6.1. The contract to engage Mercer as the Fund's Investment Consultant was signed off in January 2014. The terms of the contract permit a one year extension if both parties agree and given that Mercer has performed well during the initial three years of the contract, it is proposed that the option to extend for one year is taken up.
- 6.2. The Fund entered into a framework agreement with Hymans Robertson on 1 March 2013 for four years. This agreement expires on 27 February 2017, so a new appointment will be required as all LGPS are required to procure and have in place professional actuarial services.
- 6.3. The Committee at its meeting of 22 November agreed to a three month extension to the 30<sup>th</sup> May 2017. However, the proposed committee meetings for the 2017/18 municipal year do not have a scheduled meeting in May 2017.
- 6.4. The next meeting after March of 2017 is likely to be in July 2017. Therefore, it is proposed that Committee agree a further extension to the 31 July 2017 to enable the current work on triennial valuation to be completed.
- 6.5. The Committee has approved the use of the National LGPS Framework Agreement to procure actuarial services and a report will be presented to the Committee in July 2017 with a recommendation for appointment at this meeting.

## **7. Contribution to Strategic Outcomes**

- 7.1. None.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### Finance and Procurement

8.1. The ongoing work on the triennial valuation will continue beyond the life of the current contract. Therefore, there is a need to extend the existing contract beyond the contract expiry date of 27 February 2017. There are no financial implications from an extension of this contract.

### Legal

8.3. The Fund is required to have an actuary to provide it with actuarial services. The procurement would fall within the provisions of the Public Contracts Regulations 2015 (as amended). By procuring through the framework the administering authority can shorten the procurement process but must comply with the requirements of the framework. The procurement will be limited to those contractors on the framework and the price bands agreed (if any).

### Equalities

8.4. There are no equalities issues arising from this report.

## **9. Use of Appendices**

9.1. None.

## **10. Local Government (Access to Information) Act 1985**

10.1. Not applicable.