

**Report for:** Pensions Committee and Board 7 July 2020

**Title:** Pensions Actuary Contract

**Report authorised by:** Jon Warlow, Director of Finance (S151 Officer)

**Lead Officer:** Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)  
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**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Key decision (Pensions Committee)

## **1. Describe the issue under consideration**

- 1.1. In order for Haringey (the Council) to carry out its functions as an Administering Authority under the Local Government Pension Scheme (LGPS), the Council must appoint a fund actuary for the pension fund. The fund's actuary provides a number of key technical services for the fund, including the valuation of the fund's liabilities and calculation of employer contribution rates.
- 1.2. The current contract for actuarial services with Hymans Robertson LLP will expire on 31 July 2020, this contract was let from 1 August 2017 for an initial 3 year period, with an option to extend for a further 3 years from 1 August 2020. The contract was let following a procurement exercise carried out by officers, using the National LGPS Framework which is hosted by Norfolk County Council. The Framework Agreement is fully compliant with EU procurement processes. This report seeks the approval of the pensions Committee and Board to undertake this extension.

## **2. Cabinet Member Introduction**

- 2.1. N/A

## **3. Recommendations**

- 3.1. That the Pensions Committee and Board approve an extension of the current contract with Hymans Robertson LLP for actuarial services as allowed under the contract for the period 1 August 2020 – 31 July 2023 in accordance with CSOs 3.03 and 10.02.1 at an estimated value of £239k.

## **4. Reason for Decision**

- 4.1. The existing contract for actuarial services expires on 31 July 2020. Having a fund actuary appointed at all times is a requirement of the LGPS regulations.
- 4.2. The incumbent provider of actuarial services is Hymans Robertson LLP. Officers have felt that the relationship between the Council and Hymans Robertson has been successful over the course of the contract to date, and that their performance has delivered value for the Pension Fund and its employers (including Haringey Council). Therefore an extension to the current contract as is allowed under the terms of the contract is sought.

## **5. Other options considered**

- 5.1. The fund must appoint an actuary as this is a regulatory requirement. Therefore not appointing a fund actuary would be an inappropriate course of action.
- 5.2. There are only four firms who provide actuarial services to LGPS funds, and these are all signed up to the framework hosted by Norfolk County Council: therefore at the time the contract was originally let in 2017, it was thought best to utilise this framework agreement to conduct the procurement exercise in order for the Council to benefit from the efficiencies involved with a framework call off. The position regarding the number of providers and the Norfolk Framework has not changed in the three years since the contract was originally let when Hymans Robertson's tender was found to have the best quality/price offering.

## **6. Background information**

- 6.1. All costs of the contract will be met fully by the pension fund, i.e. there will be no direct cost implications for the Council. The pension fund maintains a separate bank account for the payment of pension fund related costs, such as those for actuarial services. This is a standard practice for LGPS funds, and a regulatory requirement.
- 6.2. The contract was procured by way of a call off from a Framework Agreement set up by Norfolk County Council for actuarial benefits and governance consultancy services as permitted by CSO 7.01.b). The original Pensions Committee and Board report of 20 July 2017 where the contract was awarded is at the below link:  
  
<https://www.minutes.haringey.gov.uk/documents/s95096/12%20-%20Pensions%20Actuarial%20Contract.pdf>
- 6.3. The contract is priced by activity, and the pricing structure for each provider on the framework is fixed so that the prices for all LGPS funds calling off the framework for this specific provider are the same. Officers estimate that the likely spend over the course of the three year contract extension will be in the region of £239k.

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

7.1. None.

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

### Finance

- 8.1. The chief finance officer has been consulted over the contents of the report and confirms that the annual costs can be legitimately charged to the pension fund.
- 8.2. It is a regulatory requirement that all LGPS funds have a fund actuary appointed at all times.

### Procurement

- 8.3 The current contract has provision to extend which “Service” have decided to trigger for justified reasons. Strategic Procurement note the contents of this report and the reasons for the extension, and as a result, endorse the request for the extension of the contract. (SS)

### Legal

- 8.4 This report is seeking approval for an extension of the Council’s contract for actuarial services to the Pension Fund with an estimated value of £239K. As originally awarded, the contract includes an option to extend the contract by 3 years after the initial 3-year term.
- 8.5 Under Contracting Standing Order (CSO) 3.03, the Pension Committee has the same powers and duties under CSOs as Cabinet in relation to procurement decisions, though limited to Pension Fund contracts. Under CSO10.02.1 Cabinet and, by extension, the Pensions Committee may approve contract extensions. Although authority to grant approvals for contracts valued, like the contract in this report, at under £500K, is delegated under CSO 10.2.1 to a Director, the exercise of authority so delegated may be referred instead for decision by Cabinet or other relevant Committee such as the Pensions Committee in this case.
- 8.6 There are no legal reasons preventing the Pensions Committee from approving the recommendation in paragraph 3 of this report.

### Equalities

There are no equalities issues arising from this report.

## **9. Use of Appendices**

N/A

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

N/A