

Report for: Pensions Committee 22nd November 2016

Item number: 10

Title: National LGPS Framework Agreement to Procure Pension Fund Actuarial Services

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

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
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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 utilise the National LGPS Framework Agreement to purchase actuarial services.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee agree that the COO, under delegated authority, approve a three month extension to the current actuarial services contract – this will extend the contract to 30 May 2017.
- 3.2. That the Committee agree that the Pension Fund enter into a National LGPS Framework agreement set up by Norfolk County Council to procure an actuary to provide actuarial services for the Fund from 1 June 2017.

4. Reason for Decision

- 4.1. 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. None.

6. Background information

- 6.1. 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.
- 6.2. Furthermore, ongoing triennial valuation work is not likely to have been completed before the expiry date (27 February 2017) of the existing contract, so a three month extension is required to ensure that the actuary can complete the 2016 triennial valuation work. This will extend the life of the existing contract to 30 May 2017.
- 6.3. The National LGPS Framework agreement was put in place by a consortium of public sector organisations led by Norfolk County Council. The framework was tendered under OJEU compliant tender process for a framework agreement for Pension Fund actuarial services and can therefore be used by all local government pension schemes.
- 6.4. Framework agreements are widely used in the public sector and increasingly in the LGPS. It is particularly good for the LGPS as the services that need to be delivered can, in most cases, be clearly defined and are similar across all schemes. These agreements also save on time and cost as it allows the procurement of services without having to undertake a full OJEU tender.
- 6.5. The new framework agreed in July 2016, has four actuaries to select from. For the appointment of a new actuary for the Pension Fund, it is proposed that the Scheme undertakes a mini competition process between the four actuaries appointed to the Framework and report back to the Committee in May 2017 with a recommendation for appointment from 1 June 2017.
- 6.6. It is proposed that the independent advisor be part of the evaluation panel along with officers of the Council as the administering authority.

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 use of a framework agreement will save time and financial resources while at the same time ensuring that the procurement of pension fund actuarial services is compliant with OJEU requirements. There is a charge of £3,000 to use the framework to cover the cost of setting up the framework.
- 8.2. The framework would allow the Pension Fund to enter into a contract with an actuary up to 30 April 2021, covering the actuarial valuation that will take place in 2019 (comes into effect on 1 April 2020). The terms and conditions under the framework would allow the Council to terminate the contract on a no fault basis with three months notice. The value of the contract over the contract period is estimated at £360,000.

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.