

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
Extension of Actuarial Services and Benefits & Governance Consultancy Contracts	Classification PUBLIC	Enclosures None
	Ward(s) affected ALL	AGENDA ITEM NO.
Pensions Committee 12th September 2018		

1. INTRODUCTION

- 1.1 This report recommends that the Pensions Committee approve a two year extension for both the Fund’s Actuarial Services contract and its Benefits & Governance Consultancy contract.

2. RECOMMENDATION

- 2.1 **The Pensions Committee is recommended to:**
- **Approve the extension of the Actuarial Services Contract with Hymans Robertson for an additional two years to 31st October 2020**
 - **Approve the extension of the Benefits & Governance Consultancy Contract with Aon for an additional two years to 31st October 2020**
 - **Note plans to re-tender the Investment Consultancy contract during 2019-20**

3. RELATED DECISIONS

- Pensions Committee – 8th October 2014 – Actuarial Procurement

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 The procurement for the Actuarial Services and Benefits and Governance Consultancy contracts were undertaken via the National LGPS Framework for Actuarial, Benefits and Governance Services. Use of the framework resulted in significant savings on the resources required to undertake the procurement, and as well as helping to drive competitive fee arrangements from suppliers. .
- 4.2 Extending the contracts as described for two years will allow the ongoing delivery of services under both contracts under the same pricing arrangements as applied previously, except where adjustments for inflation are permitted. The total spend on the contracts during 2017/18 was £167k for Actuarial Services and £116k for Benefits and Governance Consultancy. The contracts are priced on an activity pricing basis and values will therefore fluctuate from year to year.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 The Council’s Constitution sets out the terms of reference for the Pensions Committee which includes delegated powers to make arrangements for the appointment of and to appoint suitably qualified Pension Fund administrators,

advisers, investment managers and custodians and to periodically review those arrangements.

- 5.2 The procurement of the Actuarial Services and Benefits & Governance Consultancy Services contracts was originally carried out in 2014 using an OJEU-compliant framework and in accordance with the Public Contracts Regulations 2006.
- 5.3 The two call-off contracts commenced on 1st November 2014 for a period of four years to 31st October 2018, with the option to extend for a further two years until 2020. Although Contract Standing Order 4 enables Contract Managers to approve contract extensions (provided there is a budget) this paper requests Committee approve this contractually permissible extension in order that the Committee is fully aware of the position.

6. SUMMARY

- 6.1 This report recommends that the Pensions Committee approve a two year extension to both the Fund's Actuarial Services contract with Hymans Robertson and its Benefits & Governance Consultancy contract with Aon, extending the end date for both contracts to 31st October 2020
- 6.2 The contracts were originally let under the National LGPS Framework for Actuarial, Benefits and Governance Services for an initial period of four years, with the option to extend by a further 2 years.
- 6.3 The option to extend is being utilised primarily to avoid a tender process for a new fund actuary during the triennial valuation period. The 2019 valuation process has already commenced; re-letting the contract during 2018/2019 would be highly disruptive and expose the Fund to the risk of breaching statutory deadlines. Maintaining the same timetable for both contracts allows them to be re-let under the same framework as part of the same exercise. The performance of both contracts is currently satisfactory.
- 6.4 It is also recommended that the Fund's Investment consultancy contract be re-tendered on a similar timeframe. This is currently a rolling contract but should be re-tendered under the National LGPS Framework for Investment Consultancy Services during 2019/20.

Ian Williams

Group Director, Finance & Corporate Resources

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett, ☎020-8356 3332

Legal comments: Sean Eratt ☎020-8356 6012