

Croydon Council

REPORT TO:	Pension Committee 20 June 2023
SUBJECT:	Contract for the Provision of Actuarial Services for the Pension Fund
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 The Committee are asked to note the contents of this report.

2. EXECUTIVE SUMMARY

This report advises the Committee of the progress to date in respect the procurement of Actuarial Services for the Fund for a period of six years from 1 August 2023.

3. DETAIL

Introduction

- 3.1 At their meeting on 6 December 2022 the Committee were advised of the process being adopted for the Fund to enter into a new contract for Actuarial Services. They were advised that it was proposed to seek a supplier through the “National LGPS Framework” procurement process.
- 3.2 The current contract with Hymans Robertson LLP was originally approved under delegated powers by the Head of Pensions and Treasury for four years from 1 April 2017 to 31 March 2021. It has subsequently been extended to 31 July 2023 to cover the period of the current valuation.
- 3.3 The outline of the framework arrangements as stated on the “National LGPS Framework” website is:

The Actuarial, Benefits and Governance Consultancy Services Framework went live in July 2021 and will be available for Further Competition and Direct Award until 30th June 2025. Contracts awarded under the Framework may be let up for a maximum contract length of ten years and up to 30th June 2035 at the latest.

The Framework is split across four Lots including:

Lot 1 - Actuarial Services including but not limited to: actuarial advice in relation to outsourcing / reshaping service delivery (Including staff transfers and changes in workforce profile); advice on admission agreements; actuarial advice to new or existing participating employers; attendance at meetings as required by stakeholders; support for and supply of scheme communication, advice and training for all associated stakeholders as required including but not limited to scheme members, pension boards, section 101 committees and employers; completion of the triennial Actuarial Valuation exercise in accordance with the LGPS governing regulations (to include preparation of individual valuation positions for each participating employer); Funding Strategy Statement preparation and advice; providing responses to auditors of administering authorities and participating employer bodies in respect of the financial reporting of pensions and any other matters arising; undertaking asset liability studies (every three years or more frequently if required); completion of actuarial valuation at the date of cessation of a scheduled body or an admission body to assess any termination liabilities arising; annual accounting valuations of pension liabilities (in accordance with FRS17 (FRS102) / IAS19 requirements or any such standard as is in force) – including the calculation of opening positions for new employers; preparation of pensions information on behalf of participating employers for inclusion in tender documentation when letting services that includes the transfer of staff who are members of the LGPS; calculation of opening positions (level of assets and liabilities) for new participating employers and the calculation of the appropriate employer contribution rate at commencement; calculation and actuarial advice relating to the consideration of an appropriate bond or other guarantee either where an authority is entering into a transferee admission agreement with a contracting party or other circumstance; provision of appropriate actuarial factors as prescribed by the LGPS governing regulations e.g. strain costs on early retirement; provision of modelling and projections in respect of underlying assumptions and strategy at a fund or employer level; provision of funding and contribution strategy advice; supporting unitisation and segregation (in support of employer specific funding strategy); to act as expert witness (in case of arbitration, regulatory or other); covenant analysis and baseline risk management; and cashflow modelling.

Providers on the Framework are:

- Aon Solutions UK Limited*
- Barnett Waddingham LLP*
- Hymans Robertson LLP*
- Mercer Limited*

3.6 In accordance with the Council's procurement procedures, at the end of April the Cabinet Member for Finance agreed that the tender process could go ahead through the "National LGPS Framework" process as recommended.

3.5 On 10 May tenders were invited from each of the Providers included in the Framework in accordance with the following timetable:

ACTIVITY	DATE
Issue Further competition ITT via www.londontenders.org	10 May 2023
Clarification deadline	25 May 2023
Tender Return deadline	01 June 2023 @ 12 noon
Tender Evaluation	From 02 June 2023
Internal governance, outcome, and notification to bidders	From 20 June 2023
Contract award	From 30 June 2023
Standstill Period (10 days)	From 30 June 2023
Service go live	From 01 August 2023

3.6 Evaluation of tenders received will be in accordance with the following criteria:

Quality (50% of overall total score)	%
Organisation and Resources	15
Triennial valuation - Actuarial Methodology and Funding Strategies	10
Application of Technology	15
Supporting the Croydon Pension Fund and its Stakeholders	5
Transition	5
Total Quality Criterion	50

Social Value (10% of overall total score)	10
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Pricing (40% of overall total score)	%
Activity pricing cost	
Actuarial Services cost	
Total Pricing Criterion	40

The Quality and Social Value criteria will be evaluated by the Pensions Team, chaired by the Acting Head of Pensions and Treasury and supported by Procurement Officers and the Pricing criterion will be evaluated by the Procurement Commercial Team.

3.7 By the tender return deadline tenders had been received from two of Providers on the Framework.

3.8 At the Committee's meeting they will be advised of progress to date and will be asked to note the contents of this report.

4. CONSULTATION

4.1 Finance Officers are in constant contact with Procurement Officers to progress the contract considered in this report.

5. FINANCIAL IMPLICATIONS

5.1 The cost of the Actuarial Services contract will be funded by the Pension Fund.

Approved by: Allister Bannin on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the content of this report although it is important to follow applicable procurement procedures in liaison with the Procurement Officers. It also notes that the appointment of an actuary to the Fund is a key appointment as the actuary has a number of important roles pursuant to the Local Government Pension Scheme Regulations 2013

7. HUMAN RESOURCES IMPACT

7.1 There are no immediate workforce impacts arising from the content of this report.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer.

8. EQUALITIES IMPACT

8.1 The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 When a service is contracted out both the contractor and the public authority that commissioned the service must give due regard to the three principles of the General Duty as set out above. Any supplier that is exercising public functions also has an obligation to fulfil the general duty.

The Contract Management Framework is required to work within the framework of the Equality Strategy 2020- 2024. The deliverables in the Equalities Strategy should be incorporated into the Contract Management Framework and policy documents as detailed below:

“Outline how the proposed contract(s) will comply with the Public Sector Equality Duty outlined in Section 4 of the EQIA; and meet the outcomes of the Council’s equality strategy, particularly:

- i. All Council contracts contribute towards delivering our equality objectives.
- ii. Council contractors are inclusive and supportive of vulnerable groups.
- iii. Ensure that every strategy, delivery plan, council contract and staff appraisal have an equality objective linked to it.
- iv. That contractors be requested to adopt Croydon’s Equality and George Floyd Race Matters Pledges”.

The Equalities Strategy including the Pledges named above, are provided to all bidders during the tendering stage of the procurement process. Social Value objectives also mirror the Council’s commitments to equalities and diversity.

Approved by: Denise McCausland – Equality Programme Manager 07/06/23

9. OTHER IMPLICATIONS

9.1 None.

Approved by: Allister Bannin on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

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