

REPORT FOR: Pension Fund Committee

Date of Meeting: 7 March 2017

Subject: **Information Report** - Actuarial and Benefits Services Consultancy and Pension Fund Investment Consultancy Contracts

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services
National LGPS Framework for Investment Consultancy Services

Section 1 – Summary

Summary

This report advises the Committee of the current position in respect of the Council's current contracts in respect of actuarial and investment consultancy services.

Section 2 – Report

1. During 2011, specifically in agreements dated 31 October 2011 and 2 November 2011 the Council entered, respectively, into:
 - an “Access Agreement for Actuarial and Benefits Services Consultancy Framework” with Hymans Robertson LLP; and
 - an “Access Agreement for Pension Fund Investment Consultancy Framework” with Aon Hewitt Ltd
 2. These “framework” agreements are administered by the London Borough of Croydon.
 3. The durations of the contracts are:
 - Actuarial Services – an “initial period” of six years with no option to extend
 - Investment Consultancy – an “initial period” of four years with the option for the Council to extend by two years, an option which was exercised in July 2015
 4. However, notwithstanding the dates of the agreements signed by the Council within the agreements is an overriding clause 2.2 which states, inter alia:

.....The Access Agreement shall (subject to the provisions for earlier termination set out in Clause 10 of this Access Agreement) expire upon termination or expiry of the Framework Contract.
- The relevant date of the Framework Contract is 18 April 2011 hence the date of termination is 17 April 2017.
5. In line with the existing contracts and good procurement practice it would have been necessary in any case for the Committee to consider the process for awarding new contracts at their meeting on 28 June and to award the contracts on 18 September.
 6. Although the contracts terminate on 17 April, the Council will require the services to be provided during the following months. Under the Council’s Contract Procedure Rules a waiver can be sought to extend a contract under the particular circumstances.
 7. The Divisional Director - Commercial, Contracts and Procurement has indicated that he is prepared to agree a waiver to cover the period of five months from the termination of the current contracts on 17 April to the date of the Committee meeting on 18 September.
 8. The London Borough of Croydon have advised the Council that they will no longer be maintaining their framework agreements and the Council will need to use a different method of procurement.

9. However, for at least the last six years there has been in place a National LGPS Framework for Investment Consultancy Services and one for, inter alia, Actuarial Services administered by Norfolk County Council. Details of the two frameworks are attached to this report. The benefits of using the frameworks, as summarised on page 4 of each of the attachments, apply to the Council, including:
- Easy access to pre-selected specialists
 - Collaboration and partnership
 - Flexibility
 - Best practice procurement
 - Agreed terms and conditions
 - Efficiency
 - Value for money
 - Quality of service provision
10. Of particular note is that the two frameworks include service providers well known within the Local Government Pension Scheme administering authorities namely:

Actuarial Services

Aon Hewitt
Barnett Waddingham
Hymans Robertson
Mercer

Investment Consultancy Services

Aon Hewitt
Deloitte Total Reward and Benefits
Hymans Robertson
JLT Investment Consulting
KPMG
Mercer

11. The Council could undertake a full procurement exercise but due to the benefits summarised in paragraph 9 it is considered appropriate for officers to investigate the “framework” process further and recommend an appropriate strategy to the Committee on 28 June. The “joining” fees to use the frameworks are £3,000 and £5,000 respectively.

Financial Implications

12. There are clearly significant financial implications arising from the appointment of professional advisers to the Committee and the advice they give. However, the only financial implication arising directly from this report is the expenditure of £8,000 as the “joining” fee for the procurement framework process which can be met from the Pension Fund.

Risk Management Implications

13. The Pension Fund has its own risk register which includes the risks identified in connection with the appointment of and the advice provided by the Committee's professional advisers.

Equalities implications

14. There are no direct equalities implications arising from this report.

Council Priorities

15. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name:	Dawn Calvert	<input checked="" type="checkbox"/>	Director of Finance
Date:	27 February 2017		

Ward Councillors notified:	NO
-----------------------------------	-----------

Section 4 - Contact Details

Contact: Ian Talbot, Treasury and Pension Fund Manager
0208 424 1450

Background Papers – None.