

Agenda Item No 4(c)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE**

7 February 2017

Report of the Director of Finance

LGPS FRAMEWORK - ACTUARIAL SERVICES

1 Purpose of the Report

To seek approval under Protocol 2 of the Council's Financial Regulations to utilise the National Local Government Pension Scheme (LGPS) Framework for the provision of Actuarial Services for the Derbyshire Pension Fund.

2 Information and Analysis

It is a statutory requirement of Derbyshire County Council to obtain, from an actuary, a triennial valuation of the Derbyshire Pension Fund's assets and liabilities, a report in respect of the valuation, and a rates and adjustments certificate. The current contract with Hymans Robertson LLP to provide these and related services runs until 30 June 2017, at which point there is a requirement to put in place a new contract for Actuarial Services.

It is proposed to use the National Local Government Pension Scheme Framework in order to appoint a supplier for Actuarial Services for the Derbyshire Pension Fund.

The benefit of using the National LGPS Framework for this exercise is that it saves time and money in comparison with the standard OJEU procurement process, without compromising the quality of the eventual appointment. There are four nationally recognised suppliers of actuarial services used by LGPS Funds in England, Scotland and Wales, and each of them is represented on this framework.

The suppliers have been through a full procurement process, run by Norfolk County Council, to be selected for the National LGPS Framework; this includes areas such as financial and business standing, quality management and environmental management.

There is a one off fee for using the framework of £3,000 for the period up to September 2020. The intention is to award this contract for a period of 3 years from 1 July 2017 with an option to extend the contract for a further 3 years.

Therefore this payment would cover the duration of this contract. These contract terms are designed to run alongside each triennial valuation period.

The corporate procurement team will run a mini competition exercise between the four suppliers on the National LGPS Framework. The mini competition will be based on Derbyshire County Council's specific requirements, addressing both quality and cost. As part of the evaluation process, suppliers will be invited to give a presentation to officers that will subsequently be scored. This work will be completed by mid-April 2017.

It is requested that Members delegate authority to the Director of Finance in consultation with the Chair of the Pensions and Investments Committee to approve the decision to award the contract before the end of April 2017, as Committee itself will not be meeting at that time. The decision will then be reported to Pensions and Investments Committee at its meeting on June 14th 2017. The contract start date will be 1st July 2017.

In accordance with Protocol 2 of the Council's Financial Regulations, a business case has been submitted to and approved by the Director of Finance.

3 Legal Considerations

Protocol 2 of the Council's Financial Regulations for the use of a non-Derbyshire County Council Framework above £20,000 is a two stage process; approval is required for the use of the framework, followed by a further approval for a "call off" under the Framework. In view of the timescales involved approval is sought to delegate the appointment of a supplier to provide actuarial services from the framework to the Director of Finance in consultation with the Chair of the Pensions & Investment Committee. The Director of Legal Services will provide advice as required relating to the terms and conditions of the contract and call off for the provision of actuarial services. The call-off under the framework will be by way of a mini competition.

4 Financial Considerations

The cost of the services provided will be met initially from the Pension Fund, with specific items recharged to individual employing authorities as appropriate. As a guideline, the total cost of purchasing these services from the current provider over the last three year period was £685k.

5 Other Considerations

In preparing this report the relevance of the following further factors has been considered: human rights, human resources, equality and diversity, health,

environmental, transport, property, social value and prevention of crime and disorder.

6 Background Papers

The National Local Government Pension Scheme Framework documentation is held within the Procurement and Systems Section.

7 Officer's Recommendation

That the Pensions and Investments Committee gives approval for the use of a non-Derbyshire County Council Framework for the provision of the appointment of a contractor to provide Actuarial Services from the Framework for the Derbyshire Pension Fund, and delegates authority to the Director of Finance in consultation with the Chair of the Pensions and Investments Committee to appoint a supplier from the Framework.

PETER HANDFORD

Director of Finance