

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Procurement of Actuarial, Benefits and Governance Consultancy Services
Purpose of the Report	To present to the Board with an update to the procurement of Actuarial, Benefits and Governance Consultancy Services
Recommendations	The Board are asked to note the update for the procurement of Actuarial, Benefits and Governance Consultancy Services.
Enquiries to:	Name – Mark Whitby, Head of Pensions Tel – 07990 556197 E-mail – MWhitby@northamptonshire.gov.uk

1. Background

- 1.1 In June 2015 the Pension Committee was informed that the current rolling Hymans Robertson contract for actuarial and benefit consultancy services would be revisited after the triennial valuation process had concluded.
- 1.2 It was proposed at the time that a joint procurement exercise with the Northamptonshire Pension fund would then be run calling off the refreshed National LGPS Framework for these services.

2. National LGPS Frameworks

- 2.1 The National LGPS Frameworks enable funds to procure services by either directly awarding a contract or undertaking further competition, thus avoiding the time and expense of a full OJEU procurement process. Due to the long-term nature of the services required, procurement of an Actuarial, Benefits and Governance Consultancy Services supplier must be undertaken by further competition.
- 2.2 The National LGPS Frameworks has four lots for Actuarial, Benefits and Governance Consultancy Services:

Lot	Description	Number of Service Providers
1	Actuarial Services	4
2	Benefits Consultancy	4
3	Governance Consultancy	5
4	Consultancy Services to Support Specialist Projects	7

2.3 Lot 4 is for “as and when required” services for specific pieces of work and therefore is not in scope. As such, this procurement proposal is in connection with Lots 1 to 3 above.

2.4 It was agreed at the Pension Committee meeting of the 29 June 2017 that the Fund should undertake further competition using the National LGPS Frameworks for Lots 1 to 3 in collaboration with the Northamptonshire Pension Fund. This will technically be three separate procurement exercises undertaken in tandem and may result in different suppliers for each lot. However, this will deliver the best supplier for each service along with the financial and other benefits that flow from having the same supplier for both the Cambridgeshire and Northamptonshire Pension Funds.

3. Timescale and Actions

3.1 The following provisional timescale is proposed for the procurement of Actuarial, Benefits and Governance Consultancy Services:

Date	Action
8 September 2017	Invitation to Further Competition issued
9 October 2017	Closing date for tender responses
24/26 October 2017	Interviews with potential suppliers
December 2017	Issue Intention to Award
January 2018	Contract award

3.2 The timeline was developed to avoid potential suppliers having to prepare responses over the summer holiday period, therefore maximising the potential for high quality responses.

3.3 The interviews with respondents are intended to enable both clarification/moderation of responses received as well as enabling nominated members of the Committee to be involved in the scoring process, with a proposed maximum of 15% of marks being reserved for specific questions to be answered during the interview.

3.4 The panel assessing the responses will include members of the Pensions Service senior management team and the LGSS Director of Finance. Each Pensions Committee has nominated two Members to join the interview process and therefore participate in the scoring of the specific interview only questions put to potential suppliers.

4. Evaluation Criteria

- 4.1 The National LGPS Frameworks enable funds undertaking further competition to decide the percentage of marks to be allocated to each of the evaluation criteria subject to a minimum and maximum amount allowed by the Framework. The table below sets out the criteria, the minimum and maximum range and the actual % for this exercise:

Evaluation Criteria	Allowed Range	Actual %
Quality Offered	20% to 40%	30%
Service Fit	20% to 40%	40%
Value for Money	20% to 40%	30%

- 4.2 Service fit has been given the highest weighting because this will include sub-criteria relating to such matters as funding approach, reporting, risk management approach and collaborative working across two Funds as well as including the supplier interviews/presentations.

5 Relevant Pension Fund Objectives –

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer. <i>Objective 7</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>Objective 9</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. <i>Objective 14</i>
Ensure cash flows in to and out of the Fund are timely and of the correct amount. <i>Objective 16</i>
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. <i>Objective 17</i>

6. Finance & Resources Implications

- 6.1 This tender exercise is to replace a significant contract for services. All costs will be borne by the Pension Fund.

7. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Further competition does not result in the optimum preferred supplier for each Lot	Careful development of tender documentation and sub-criteria involving procurement professionals Timing of tender process to enable highest quality responses	Amber

- b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
The Fund will be open to challenge from other potential suppliers as it will not have undertaken a procurement exercise at the appropriate time	Red

8. Communication Implications

Direct Communications	To suppliers as required by procurement legislation and outlined in Timescale
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9. Legal Implications

- 9.1 LGSS Law will review the contract Terms and Conditions in advance of the tender process.

10 Consultation with Key Advisers

- 10.1 LGSS Procurement have been consulted in the drafting of this report.

11. Alternative Options Considered

- 11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Not applicable

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Yes
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 September 2017