



Pensions Fund Sub-Committee
24 June 2021

Report from the Director of Finance

Actuarial Services Procurement

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	n/a
Contact Officer(s): (Name, Title, Contact Details)	<p>Minesh Patel, Director of Finance 020 8937 4043 Minesh.Patel@brent.gov.uk</p> <p>Ravinder Jassar, Deputy Director of Finance 020 8937 1487 Ravinder.Jassar@brent.gov.uk</p> <p>Flora Osiyemi, Head of Finance 020 8937 2998 Flora.Osiyemi@brent.gov.uk</p> <p>Sawan Shah, Senior Finance Analyst 020 8937 1955 Sawan.Shah@brent.gov.uk</p>

1.0 Purpose of the Report

- 1.1 The purpose of this report is to set out the proposed procurement process to be adopted in relation to the contract for actuarial advice, when the current contract expires on 30 September 2021.

2.0 Recommendation(s)

- 2.1 That the Committee grant delegated authority to the Director of Finance to appoint a provider for actuarial services to the Fund, following a procurement process that will be carried out by officers.

3.0 Detail

- 3.1 In order for Brent to carry out its functions as an Administering Authority under the Local Government Pension Scheme (LGPS) regulations, the Council must appoint a fund actuary for the pension fund.
- 3.2 Actuarial services include the provision of a number of key technical services for the fund including: the triennial valuation of the fund; the calculation of employer contribution rates; carrying out opening valuations for new scheme employers; closing valuations for exiting scheme employers; and ad-hoc advice and guidance.
- 3.3 Regulation 62 of the Local Government Pension Scheme Regulations 2013 requires a triennial valuation to be carried out by an actuary as at 31st March 2016 and every third year afterwards.
- 3.4 The incumbent provider is Hymans Robertson LLP. The current contract for actuarial services with Hymans Robertson LLP began in October 2017 expires on 30 September 2021.
- 3.5 Procurement exercises are the method that the Council uses to ensure that value for money is maintained when seeking supplies and services contracts from third parties. It is intended to conduct this procurement using one of the Local Government Frameworks for actuarial services. The benefits of using a Framework agreement are that the Council can reduce procurement time and costs because the framework has already been through a competitive tender and OJEU compliant procurement process.
- 3.6 Frameworks increase transparency when it comes to fees, and comparability between firms. Officers therefore feel that the use of the framework presents best value for the fund. It was therefore thought best to use a framework agreement to conduct the procurement exercise.
- 3.7 For example, National LGPS Frameworks, managed by Norfolk County Council, is one such framework available for use by LGPS funds. There are 4 providers of Actuarial Services on this framework: Aon, Barnett Waddingham, Hymans Robertson and Mercer. Finance will consult with Procurement on the appropriate process however framework option has not been finalised.
- 3.8 All costs of the contract will be met fully by the pension fund and there will be no direct cost implications for the Council. The pension fund maintains a separate bank account for the payment of pension fund related costs, such as actuarial fees. Where bespoke advice is requested by fund employers, the relevant costs are charged back to the employer by the Fund.

4.0 Financial Implications

- 4.1 The Council must appoint an actuary as this is a regulatory requirement.
- 4.2 The estimated cost of the contract will be approximately £115k per annum. This estimate is based current costs. The exact cost will depend on the level and volume of work likely to be requested by the Fund. The cost will be funded by the pension fund.

5.0 Legal Implications

- 5.1 Not applicable

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

8.0 Human Resources

- 8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance