

## **Pension Fund Committee**

Meeting to be held on 4 February 2011

Electoral Division affected: All
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### **Procurement of Actuarial Services**

Contact for further information:

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#### **Executive Summary**

At the meeting held on 16 July 2010 the Committee resolved that the Appointments Sub-Committee be authorised to make an appointment for the provision of actuarial services on behalf of the Fund.

A tripartite exercise to tender for actuarial services began on 18 January 2011. This arrangement is between the Lancashire County Pension Fund, the Cumbria Pension Fund and Merseyside Pension Fund with Merseyside acting as the lead authority during the procurement process. The process and timescale is described in detail within the Background and Advice section of this report.

#### **Recommendation**

The Committee is asked to note the process and timescale of the procurement exercise for actuarial services.

### **Background and Advice**

Local Government Pension Scheme's are required to appoint an appropriately qualified actuary in order to undertake the triennial valuation of the Fund and set contribution rates. In order to assist with the management of the Fund and also provide required information to scheme employers, the Fund actuary also traditionally undertakes regular interim valuations of the Fund and provides data for accounting purposes. The current actuarial service for Lancashire County Pension Fund is provided by Mercer.

The current terms of engagement were agreed in 2004 and a formal procurement process for the services undertaken is now due. The Cumbria and Merseyside Pension Funds are in a similar position regarding actuarial services and in order to minimise the resources needed for procurement, to provide economies of scale and to put the Fund in a better bargaining position, all three Funds have agreed to a tripartite procurement process with Merseyside acting as lead authority during the process. This has been agreed with the following provisos: -

- All funds involved will appoint the same provider

- Any Contract will be a 3 year agreement with an option to renew for a further 3 years. This arrangement is intended to cover two valuation periods
- Members will consider recommendations and approve any appointment through the committee process.\*

Officers from all three Funds will be involved in the process as set out below. A provisional timetable is also shown: -

<u>Action</u>	<u>Date</u>
Publish OJEU notice	18/01/11
Evaluate Pre Qualification Questionnaires	25/02/11
Issue Tender Specification	28/02/11
Evaluate tenders received	13/05/11
Presentations/site visits held	16/05/11
Prepare recommendations & produce committee reports*	20/05/11
Committee consideration (Pension Fund Appointments Sub-Committee) and approval*	01/07/11
Provider in place	01/10/11

The Committee is asked to note the process and timescale of the procurement exercise for actuarial services.

*\* Committee involvement will be required as indicated. This is in line with current practice*

## **Consultations**

The County Secretary and Solicitor and Head of Procurement have been consulted about the procurement approach.

## **Implications**

### **Risk management**

Regular letting of contracts for the provision of services to the Fund is designed to mitigate the following risks:

- The development of stale relationships where the Fund's needs as customer are not prioritised
- The risk of price and cost creep within contracts
- The risk of legal challenge to the Fund's processes

## Financial

The driver for this procurement is not solely financial, however in general terms competitive procurements lead to keener pricing which will benefit the Fund.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
n/a	n/a	n/a

Reason for inclusion in Part II, if appropriate

n/a