
Meeting	Pension Fund Committee
Date	4 December 2012
Subject	Extension of Pension Fund Actuarial contract to 31 March 2014
Report of	Deputy Chief Executive
Summary	This report seeks approval to extend the current contract with the Pension Fund Actuary, Barnett Waddingham to 31 March 2014.

Officer Contributors	John Hooton, Assistant Director of Strategic Finance Iain Millar, Head of Treasury and Pensions
Status (public or exempt)	Public
Wards Affected	Not Applicable
Key Decision	Not Applicable
Reason for urgency / exemption from call-in	Not Applicable
Function of	Council
Enclosures	None
Contact for Further Information:	Iain Millar Head of Treasury and Pensions Tel: 0208 359 7126

1. RECOMMENDATIONS

- 1.1 That the Committee approve the extension of the current contract with the Pension Fund Actuary, Barnett Waddingham for 19 months to 31 March 2014 at an estimated cost of £125,000.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Pension Fund Committee approved the appointment of Barnett Waddingham to the actuarial contract on 8 December 2008 for a period of three years with an option to extend for one year. The Contract was signed on 21 August 2009.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 To ensure that the pension fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund will provide support towards the Council's corporate priorities in providing better services, with less money.

4. RISK MANAGEMENT ISSUES

- 4.1 The issues involved are unlikely to raise significant levels of public concern or give rise to policy considerations.
- 4.2 Actuarial services include the provision of advice and guidance to ensure compliance with the regulatory requirements of the Local Government Pension Scheme.
- 4.3 The proposed contract extension will exceed the period provided for in the contract by 7 months and will, therefore, carry with it a risk of challenge. This risk will be mitigated, to an extent, by the carrying out of a full European compliant procurement. The procurement timetable will be agreed with the NSCSO provider and the procurement for the new actuarial contract will be subject to the EU tender procedure.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination of discrimination
- 5.2 The Council has ensured that Barnett Waddingham has demonstrated that they understand the public sector equality duty as expressed in the 2010 Equality Act and can comply with it when delivering services under contract to the Council. Barnett Waddingham has produced evidence of compliance with

the Equality Act in its company procedures and processes and its contractual relationships with suppliers and clients.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Due to the proximity of the anticipated contract award and 'go live' date for the NSCSO contract, it would be more efficient and more likely to ensure better value for money to extend this contract and then to carry out a full tender exercise, in consultation with the successful NSCSO tendered.

6.2 The value of contract extension will be under £125,000 over 19 months. The original contract did not specify a contract price but the estimated annual price based on the contractual pricing schedule was £95,000. Actual cost for 2011-12 was £75,750

6.3 The cost of Pension Fund Actuarial services is charged to the Pension Fund

7. LEGAL ISSUES

7.1 The, original, 3-year contract between the Council and Barnett Waddingham - which commenced on 21st August 2009 – would have expired, by effluxion of time, on 20th August 2012. On the basis that the arrangement has continued, in practice, (on the assumption of an extension in accordance with the provision of the contract), a written extension needs to be completed and executed by both parties, subject to the decision to extend, with retrospective effect. The Contract Procedures Rules criteria for extension of contracts have been met.

7.2 Other statutory provisions are referred to in the body of this report.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 Part 3 of the Constitution, Responsibility for functions: the Pension Fund Governance Compliance Statement, 2.2.7 delegates responsibility to the Pension Fund Committee to appoint Pension Fund actuaries.

8.2 As set out in Section 2 (above) the Pension Fund Committee, previously, authorised the, original, contract with Barnett Waddingham. The, concluded, contract included a provision for extending the contract for a year. As this contract extension will be for more than one year, Officers considered it appropriate to seek formal approval from the Committee for this contract extension.

9. BACKGROUND INFORMATION

9.1 Barnett Waddingham's contract commenced on the 21st of August 2009 for a period of three years with an option to extend for one year from 20 August 2012. The Contract was subject to an EU tender procedure with an OJEU notice given on 8 July 2008. The average contractual spends was estimated to be £300k: £100k per annum based on the contract pricing schedule.

9.2 Approval is sought to extend the contract until 31 March 2014 to allow the actuary to complete the 2013 actuarial valuation. A competitive tender

exercise will take place, which is anticipated will enable a new contract for actuarial services to be in place by 1st April 2014 and to allow consultation with the NSCSO provider, to agree long term contractual arrangements.

- 9.3 The contract extension would cost approximately up to £125,000 plus VAT. This includes the cost of the 2013 actuarial valuation.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	SCS