

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET MEMBER FOR VALUE FOR MONEY AND EFFICIENCY JOINTLY WITH THE STRATEGIC DIRECTOR OF FINANCE AND LEGAL
Report of:	FINANCE MANAGER - COMPANIES
Date of Decision:	7th DECEMBER 2016
SUBJECT:	STRATEGY/CONTRACT AWARD – PENSION ADVICE IN RELATION TO THE NEC GROUP
Key Decision: No	Relevant Forward Plan Ref: n/a
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Cabinet Member(s):	Councillor Majid Mahmood, Cabinet Member for Value for Money and Efficiency
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	Ladywood and outside of the City Boundary

1. Purpose of report:
<p>1.1 This public award report provides details of the procurement process followed for the provision of advice for the NEC Group pension schemes using the Crown Commercial Services (CCS) ConsultancyONE framework agreement. The private agenda report provides further details of the results of the evaluation and makes recommendations as to the award of the contract.</p> <p>1.2 The contract will commence in December 2016 and run for a period of 5 months.</p>

2. Decision(s) recommended:
<p>That the Cabinet Member for Value for Money and Efficiency jointly with the Strategic Director for Finance and Legal:</p> <p>2.1 Notes the process followed for the procurement of advice in relation to the NEC Group pensions schemes.</p>

Lead Contact Officers:	
Telephone No:	Elaine Peach, Finance Manager - Companies, Corporate Resources Directorate 0121 303 3938
E-mail address:	elaine.peach@birmingham.gov.uk

3.	Consultation
3.1	<u>Internal</u>
3.1.1	Officers from Legal and Democratic Services, Procurement and City Finance have been involved with the preparation of this report.
3.1.2	The Directors of PETPS (Birmingham) Limited have been consulted
3.2	<u>External</u>
	None

4.	Compliance Issues:
4.1	<u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u>
4.1.1	Providing value for money is part of the Council's Business Plan and Budget 2016+. The outcome of the work will help the City Council's efficient management of its resources
4.1.2	Birmingham Business Charter for Social Responsibility (BBC4SR) The recommended consultant is an accredited signatory to the Birmingham Business Charter for Social Responsibility and will be required to provide additional commitments proportionate to the value of this contract.
4.2	<u>Financial Implications</u>
4.2.1	The cost of this consultancy will be met from NEC Residual budgets
4.3	<u>Legal Implications</u>
4.3.1	Section 151 Local Government Act 1972 requires the Strategic Director of Finance and Legal (as the responsible officer) to ensure the proper administration of the Council's financial affairs. Regulation 4 of the Accounts and Audit Regulations 2015 No 234 sets out responsibilities of Section 151 officers. This includes responsibilities for the authority's accounting records and accounting control systems.
4.4	<u>Public Sector Equality Duty</u>
4.4.1	The requirements of Standing Order 9 in respect of the Council's Equality Policy and the Equality Act 2010 have been specifically included in the CCS contract documentation.
4.4.2	An Equalities Assessment (EA) screening has previously been undertaken which confirms that an EA is not required for the purpose of this report.

5.	Relevant background/chronology of key events:
5.1	Background
5.1.1	Following the sale of the NEC Group on 1 st May 2015, the Council took responsibility for the NEC Pension Schemes which have ceased to provide future service accrual. The Council set up a new wholly owned company PETPS(Birmingham)Limited as sponsoring employer and the Council guarantees the company's financial obligations
5.1.2	After the sale, technical support and advice in relation to the operation and actuarial valuation of the NEC pension schemes has been provided to the Council.
5.1.3	In order to ensure that the pension schemes continue to be managed in an efficient and effective manner, the Council requires further specialist advice
5.1.4	It was identified that calling off the CCS ConsultancyONE framework agreement- Lot 1 Multi-Specialism is the most suitable route to market. Refer to Section 6 of this report on how this route was selected.
5.2	CCS ConsultancyONE Framework Agreement
5.2.1	The requirement of the framework agreement is to either carry out a further competition exercise with the opportunity to be sent to all framework providers or to make a direct award. The protocol of the framework agreement permits a direct award to be made to an organisation without competition under exceptional circumstances. The advice in relation to the NEC Group pension schemes is considered to come under this category. The support provided by the recommended supplier for previous pension's advice in respect of the NEC Group, their detailed knowledge of the project and the urgency to continue with these arrangements is considered to be within the remit not to undertake a further competition exercise for this project.
5.3	Contract Management
5.3.1	The contract will be managed by the Finance Manager – Companies.

6. Evaluation of alternative option(s):

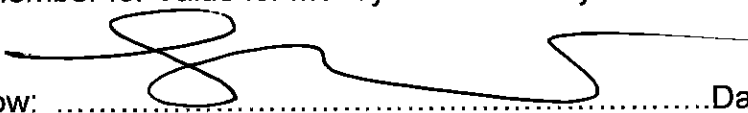
- 6.1 Not to award the consultancy contract – the option was rejected as it would leave the Council without the external resources required to support this critical programme.
- 6.2 Alternative Procurement Options
- 6.2.1 To carry out the work in-house - there is not the skill, experience or capacity to deliver the services required, therefore this option was discounted.
- 6.2.2 To engage interim staff to deliver – this option was discounted as it was considered that suitably experienced interims would unlikely to be available in the short timescales available.
- 6.2.3 To undertake a full open procurement process – as the value is over the OJEU threshold of £172k, there is not sufficient time to tender and award a contract.
- 6.2.4 To use a collaborative framework agreement – this was the agreed option on the basis that the framework protocols to carry out a direct award fit with the Council's timescales, the supplier is the most suitable and using the framework for previous consultancy work has been a positive experience.

7. Reasons for Decision(s):

- 7.1 To enable a contract to be awarded to the recommended consultant for the provision of advice in relation to NEC Group pension schemes

Signatures:

Councillor Majid Mahmood Date.....
Cabinet Member for Value for Money and Efficiency


Jon Warlow: Date 6/12/16.....
Strategic Director of Finance and Legal

List of Background Documents used to compile this Report:

None

List of Appendices accompanying this Report (if any):

None.