



National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services 2021

Specification of Requirements

Updated February 2024

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This document details the Specification which was issued to Providers when setting up the National LGPS Framework for Actuarial, Benefits & Governance Consultancy Services. This document is intended as a template, and you will need to customise the Specification of Requirements to suit your specific requirements. Your requirements should be captured in your Invitation to Further Competition.

To help you define your specification you should review the Provider Catalogues to understand each Provider’s response to the Specification of Requirements.

Actuarial services including but not limited to:

Actuarial calculations and modelling

- Completion of the statutory Actuarial Valuation exercise in accordance with the LGPS governing regulations (to include advising on actuarial assumptions, preparation of individual valuation positions and provision of contribution rates for each participating employer if required)
- Completion of Interim valuations, if required
- Completion of Actuarial Valuation at the date of cessation of a scheduled body or an admission body to assess any termination liabilities or credits arising
- Annual accounting valuations of pension liabilities (in accordance with FRS102 / IAS19 requirements or any such standard as is in force) – including the calculation of opening positions for new employers
- Calculation of opening positions (level of assets and liabilities) for new participating employers and the calculation of the appropriate employer contribution rate at commencement
- Calculation and actuarial advice relating to the consideration of an appropriate bond or other guarantee either where an authority is entering into an admission agreement with a contracting party or other circumstance
- Provision of appropriate actuarial factors as prescribed by the LGPS governing regulations or as requested
- Provision of modelling and projections in respect of underlying assumptions and risk strategy at a fund or employer level
- Undertaking Asset Liability Studies (in line with valuation cycle or more frequently if required)
- Cashflow Modelling
- Individual member actuarial calculations e.g. forfeiture

Providing information and advice

- Advice on exit agreements
- Advice on changes in status of employers

- Advice on the management of closed employer liabilities and fund participation
- Actuarial advice in relation to outsourcing / reshaping service delivery (Including staff transfers and changes in workforce profile)
- Advice on employer admissions and other forms of employer entry e.g. Academy Schools
- Actuarial advice to new or existing participating employers
- Supply of scheme communication, advice and training
- Provision of data information (including data validation advice) to funds and their employers
- Advice on funding policy implications of investment strategy changes
- Preparation of pensions information on behalf of participating employers for inclusion in their tender documentation when letting services that includes the transfer of staff who are members of the LGPS
- Advice on approaches to risk sharing
- Provision of funding and contribution strategy advice and advice relating to policy documents
- Provide advice to the fund on GAD analysis under Section 13 of the Public Service Pensions Act
- Implications of regulatory change and legal impact
- Advice and support on compliance with regulatory requirements
- Support in respect of appropriate pensions taxation matters.

Working with stakeholders

- Providing responses to auditors of administering authorities and participating employer bodies in respect of the financial reporting of Pensions and any other matters arising
- Liaising with GAD in relation to Section 13 of the Public Service Pensions Act
- To act as expert witness (in case of arbitration, regulatory or other)
- Support for all associated stakeholders as required including but not limited to scheme members, pension boards, section 101 committees and employers

Reviewing processes, structures and policies

- Funding Strategy Statement preparation and advice
- Support in relation to any funding and associated KPIs (whether set by the Scheme Advisory Board or GAD)

Supporting projects and provision of services

- Employer covenant analysis and funding policy implications where appropriate
- Employer risk analysis and funding policy implications where appropriate
- Supporting notional segregation of employer assets and or liabilities within the fund e.g.in support of employer specific funding strategy
- Merging of funds or the combination or disaggregation of employers and any consequent movements between funds
- Supporting notional segregation of employer assets and or liabilities within the fund e.g. to support employer specific funding strategy, to track assets for accounting purposes

LOT 2 – BENEFITS CONSULTANCY

Benefits Consultancy Services including but not limited to:

Providing information and advice

- Benefit administration advice about outsourcing / reshaping service delivery
- Benefit advice to new or existing participating employers
- Supply of scheme communication and information, advice and training
- Advice and support on regulatory change
- Advice and support on compliance with regulatory requirements, including TPR requirements and other best practice
- Internal Dispute Resolution Procedure (IDRP) support and guidance
- Pensions taxation advice, including support on annual and lifetime allowance calculations
- Provision of benefit calculations

Working with stakeholders

- Provision of training

- Attendance at meetings as required by stakeholders
- Working with LGPS administration software providers
- Support for stakeholders as required including but not limited to scheme members, pension boards, committees or equivalent and employers.
- Support in relation to any benefit related KPIs (whether set by the Scheme Advisory Board, GAD or other body)

Reviewing processes, structures and policies

- AVC Reviews and Advice
- Process review, design and implementation
- Advice on administration management structures, service standards and key performance indicators
- Support and advice on policy development, scheme communication and information
- Advice on the development and implementation of administration strategy including, but not limited to, advice and support on a Pensions Administration Strategy and statutory governance requirements
- Administration reviews including effectiveness of processes

Supporting projects and provision of services

- Support on bulk exercises such as trivial commutation
- Provide pension fund risk management and implementation advice
- Supporting funds in the delivery of statutory and best practice requirements
- Advice and support on data quality and improvements

LOT 3 – GOVERNANCE CONSULTACTY

Governance Consultancy Services including but not limited to:

Providing information and advice

- Advice and guidance on fund governance and development
- Advice relating to performance of the funds objectives and policy aims

- Advice and support on compliance with regulatory requirement and other governance standards
- Advice on approach to scheme communication and information
- Service planning advice and support
- Advice on conflicts of interest

Working with stakeholders

- Provision of training
- Support for stakeholders as required including but not limited to scheme members, pension boards, section 101 committees or equivalent and employers.
- Attendance at meetings as required by stakeholders

Reviewing processes, structures and policies

- Review and development of fund strategies and policies
- Reviews and advice on governance structures
- Advice and support on data quality improvements
- Advice on organisational structures, service standards and key performance indicators

Supporting projects and provision of services

- Provide pension fund risk management support and advice

LOT 4 – FUNDING RISK ADVISORY SERVICES

Funding Risk Advisory Services including but not limited to:

- Advice on the integration of investment and funding strategy (along with covenant if applicable) e.g. funding level, by employer type, cashflow profile etc. Asset/Liability modelling to support any recommendations, with potential changes to strategy and rationale.
- Advice, detailed covenant analysis and general support in assessing covenant risk and proactive engagement with employers in financial difficulties
- Advice on risk budgets (in terms of ultimate objectives e.g. contributions tolerance) and flexing these as funding levels evolve.

- Development of monitoring metrics and tools to track progress and keep stakeholders informed of progress against strategic objectives (mindful of risk parameters).
- Provision and/or interpretation of scenario-based analysis aligned to possible risks and their outcomes.
- Development of tools/frameworks to facilitate discussion with stakeholders on strategy change e.g. employer paths from entry to exit.
- Advice and support on policy development and principles for use of ancillary risk management tools.
- Potential for detailed trigger analyses, implementation and recalibration (e.g. yield, funding level, contribution amounts).
- Allowance for discount rate/expected return calibration for hedging or other updates.
- Review and “test” any associated funding/risk management policies against the Fund’s objectives.

LOT 5 – CONSULTANCY SERVICES TO SUPPORT SPECIALIST PROJECTS

Discrete pieces of specialist, pensions-related work including, but not limited to:

- LGPS asset management restructuring (“asset pooling”)
- Change management
- Project management
- Regulatory and best practice compliance reviews (including, but not limited to, compliance with MHCLG and The Pensions Regulator requirements)
- Data Quality, Validation Audits and improvement support
- Support for bulk exercises e.g. trivial commutation data cleansing, frozen refund tracing
- AVC Reviews and Advice
- Employer covenant analysis and funding policy implications where appropriate
- Pensions taxation advice, including support on annual and lifetime allowance calculations
- Reviews and guidance on structures and their effectiveness