



Firefighter Pension Administration and Pensioner Payroll Service

Subject: Procurement Report
Date: 22nd May 2018
Reference: HWFRS/40

1. Background

Hereford and Worcester Fire & Rescue Service (HWFRS) provides fire fighting, rescue, fire safety and other related services within the Counties of Herefordshire and Worcestershire. HWFRS employs 710 staff, of which approximately 530 belong to one or more of the four fire-fighter pension schemes. HWFRS is also responsible for paying 495 fire-fighter pensioners. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law.

HWFRS Pension Services are currently provided by Worcestershire County Council (WCC). As a result of restructure within WCC they will no longer provide the service required.

This document aims to provide a clear and transparent rationale for how the appropriate Pension Service has been selected. The Service has assessed the appropriate procurement routes, the appropriate available pensions services and the relevant costs of those services.

2. Service Review

HWFRS still require a Firefighter Pension Administration and Pensioner Payroll service, with IT software support. The need for the service remains the same for HWFRS, so the Director of Finance and Payroll Manager reviewed and agreed based on the Authorities operational requirements a user specification inline with current legislation.

As part HWFRS review and finalising the process the following documents were agreed.

Finalising of Tender Documents

1. Invitation to Tender (ITT) **Appendix 1**

The specification structure was agreed and the following criteria would be used to assess the overall economic advantages of the tender proposals:-

- Organisational Information and Compliance (Pass/Fail)
- Economic and Financial Standing (Pass/Fail)
- Price (30%)
- Quality and Services (65%)
 - Fire Pension Scheme Knowledge (15%)
 - Governance/Compliance including Audit (10%)
 - Competence and Resilience (5%)
 - Accuracy of Records (5%)
 - Systems/Software/Updates (10%)
 - Usability – Website/Customer Service(10%)

- Management Information (KPIs) (5%)
 - Account Management (5%)
 - Tender Presentation and Interview (5%)
 - Additional Marks (15 points)
- See **Appendix 1**- Specification (Part Two of the ITT)

The National Local Government Pensions Scheme Framework (LGPS) was explored as an option, but the framework did not cover the Authorities requirements for a Firefighters Pension Scheme, only the requirement of administering the LGPS Scheme, so this was not a viable option for HWFRS. So guidance was taken from the Pensions Regulator who helped identify potential suppliers able to meet HWFRS requirements, as the market has a limited number of suppliers due to the specialised nature of the service.

The Authority requires a three year contract for the provision of a Firefighter Pension Administration and Pensioner Payroll Service, with the option to extend for up to two years.

3. Procurement

The Tender for the Firefighter Pension Administration and Pensioners Payroll Services was advertised on 16th March 2018, with a closing date for applications on 27th April 2018, this was an extension to the original date following a supplier request.

This was undertaken as a restricted tender under EU threshold, for which the following suppliers were invited as they had been identified as suitable via The Pensions Regulator.

Suppliers

1. Kier
2. Leicester County Council
3. Local Pensions Partnership
4. Peninsula
5. Shropshire County Council
6. Staffordshire County Council
7. Warwickshire County Council
8. West Midlands Fire and Rescue
9. West Yorkshire Pensions Fund

4. Evaluation Stage

Evaluation Stages

- Stage 1- Evaluated Price (30%)
- Stage 2- Evaluated structured response to questions; Quality and Services (65%), Organisational Information and Compliance (Pass/Fail) and Economic and Financial Standing (Pass/Fail) Additional Marks (Max 15 points)
- Stage 3- No amplification/clarification requested by HWFRS
- Stage 4- Tender Presentation and Interview (5%)

Evaluation questions were based on the following overarching criteria and weighted scores:

Award Criteria	Weightings
Organisational Information and Compliance	Pass/Fail
Economic and Financial Standing	Pass/Fail
Price	30%

Quality and Services		65%
Fire Pension Scheme Knowledge (Q1)	15%	
Governance/Compliance including Audit (Q2)	10%	
Competence and Resilience (Q3)	5%	
Accuracy of Records (Q4)	5%	
Systems/Software/Updates (Q5)	10%	
Usability – Website/Customer Service(Q6)	10%	
Management Information (KPIs) (Q7)	5%	
Account Management (Q8)	5%	
Tender Presentation and Interview		5%
TOTAL		100%
Additional Marks will also be allocated		
Current experience of dealing with active members on a four-weekly payroll		5
Current experience of dealing with active members on the Retained Duty (On-Call) shift system		5
Recent (last 3 years) of successfully bringing new fire authority customer		5

Five bids were received from the suppliers listed below.

Suppliers

1. Leicester County Council (LCC)
2. Local Pensions Partnership (LPP)
3. Shropshire County Council (SCC)
4. West Midlands Fire and Rescue (WMFRS)
5. West Yorkshire Pensions Fund (WYPF)

Stage 1- Price (30%)

A full cost evaluation was carried out on all five suppliers returned pricing schedules based on the contract period (3 years).

See **Appendix 2** Evaluation Marking

Stage 2- Quality and Services (65%)

- Organisational Information and Compliance (Pass/Fail)
- Economic and Financial Standing (Pass/Fail)
- Additional Marks (Max 15 points)

Quality and Services

The suppliers tenders submissions were reviewed against the above criteria and specification (**Appendix 1 & 2**) with the evaluation panel consisting of Director of Finance and Payroll Manager, agreeing, through consensus, an overall score for each question.

Organisational Information & Compliance and Economic & Financial Standing (Pass/Fail)

Each of the suppliers confirmed with supporting evidence their organisational information & compliance and economic & financial standing

Stage 4- Presentation and Interview (5%)

Two of the suppliers were invited to discuss their tender submission in more detail based on the below remit; West Yorkshire Pension Fund and Local Pension Fund.

Supplier Presentation Remit:

Outline how you would successfully manage the process of taking on a new fire authority client, for pension administration and pensioner payroll services. Please indicate the planning process and how the service will be implemented, highlighting key milestones and your approach to quality assurance, with reference to any recent, relevant implementations.

West Midlands Fire and Rescue Service, Shropshire County Council and Leicester County Council weren't invited to interview as they did not meet the minimum total score of 75%.

The below table summarises the weighted scores achieved by each of the five suppliers

Question	WYPF	WMFRS	SCC	LPP	LCC
Price (30%)	30%	15.31%	10.20%	15.22%	13.69%
Organisational Information and Compliance (Pass/Fail)	PASS	PASS	PASS	PASS	PASS
Economic and Financial Standing (Pass/Fail)	PASS	PASS	PASS	PASS	PASS
Quality and Service (65%)					
○ Fire Pension Scheme Knowledge (15%)	15%	7%	9%	15%	12%
○ Governance/Compliance including Audit (10%)	9%	5%	8%	10%	7%
○ Competence and Resilience (5%)	5%	2%	3%	5%	3%
○ Accuracy of Records (5%)	4%	3%	4%	5%	3%
○ Systems/Software/Updates (10%)	10%	5%	8%	10%	7%
○ Usability – Website/Customer Service(10%)	10%	5%	8%	9%	7%
○ Management Information (KPIs) (5%)	5%	3%	4%	5%	3%
○ Account Management (5%)	5%	3%	3%	5%	2%
Tender Presentation and Interview (5%)	5%	N/A	N/A	5%	N/A
Total score	98%	48.31%	62.20%	94.22%	62.69%
Additional Marks	15	0	5	10	5

5. Recommended Decision

West Yorkshire Pensions Fund is appointed for the provision of Firefighter Pension Administration and Pensioner Payroll Services for WMFRS.

Contract Value would be £107,500 (3 year contract) which will commence on the 1st October



2018.

6. Savings Achieved

It is estimated that the Authority will make a saving of 53% based on the previous contract value through running a competitive process.

7. Full Audit trail (including Specification/Scoring matrix)

<http://sharepoint1/sites/Procurement/Contracts/ProfServices/HWFRS40%20Firefighter%20Pension%20Administration%20and%20Pen/Forms/AllItems.aspx?RootFolder=%2Fsites%2FProcurement%2FContracts%2FProfServices%2FHWFRS40%20Firefighter%20Pension%20Administration%20and%20Pen%2FWest%20Yorkshire%20Pension%20Fund&FolderCTID=0x012000392E207504DCB647A2BECA6A3A9AC998&View={D9726756-8912-44FC-B549-B4E900513067}>

Appendix 1- Invitation To Tender Specification (Part Two of the ITT)	 Information To Tender HWFRS 40 v3
Appendix 2- Evaluation Criteria	 Evaluation Marking.xlsx