

POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE **DECISION RECORD**

To be completed in cases where a decision is required

DECISION OF POLICE AND CRIME COMMISSIONER

Date: 16th March 2022

Officers present:

Received in OPCC Date: 16/3/22

OPCC Ref: EXE0005-22

Title: Provision Of Pensions Administration Services

Summary of Issue:

Procurement are seeking to award a contract to XPS Administration for an initial contract period from 1st April 2022 until 31st March 2026 with an option at Leicestershire Police's sole discretion to include a further three year extension until 31st March 2029.

Background

Leicestershire Police are currently in a contract with XPS Administration for the provision of Pensions Administration services until 31st March 2022. This was a collaborative East Midlands arrangement open to the Force and previously let by East Midlands Strategic Commercial Unit (EMSCU). The original contract period was from 1st April 2017 until 31st March 2021. However, a 12 month extension to that contract was awarded whilst a new route to market via a Framework was completed. The Framework is open to all UK Police Forces to access.

The contract in place currently was novated from Kier to XPS Administration in 2018 and a completed novation agreement was signed off by the Force and both Kier and XPS Administration.

The services provided under the current contract are as follows: -

- Core Administration Service
- Payments of regular monthly pension payments
- Payment of lump sums
- Monthly pension payment on-line advice slip
- Payments of deductions for tax, court orders, voluntary deductions or any other deduction
- Submission of reports for budget monitoring purposes
- Provision of reports on request
- Refund of payments to scheme leavers, where applicable
- Payments to the Contributions Agency, where applicable, for scheme leavers
- Issue of pensioner surveys
- Presentations to the Contracting Authority's employees on pension related issues e.g. pre-retirement courses, as requested
- Attendance at meetings or seminars to represent the Contracting Authority or feedback issues of interest to the Contracting Authority
- Other Requirements – IAS19 (FRS17) returns

A help desk facility is also provided to scheme members.

The current annual contract value for the period 1st April 2021 to 31st March 2022 is £106,910.

In addition, there is an estimated and separate charge for actual payslips produced (4 times per annum) which is £7,600

Total current annual cost of the contract is £114,510.

TENDER PROCESS

The new tender process was initially managed by EMSCU and laterally MINT Commercial Services (who replaced ESMCU as the Procurement function managing this national Police Framework) This Framework is open to all UK Police Forces to use. The Framework was let in compliance with Public Contract Regulations 2015 requirements.

There are 2 Lots on this Framework with Lot 2 specifically created for Northamptonshire Fire and Rescue.

Lot 1 has been created for all UK Police Forces. There are 2 contractors on this Lot: -

XPS Administration
West Yorkshire Pension Fund.

Under this Lot either a further competition or direct award can be made.

AWARD

Leicestershire Police can use Lot 1 to directly award a contract without further competition on the basis of value for money and understanding our current services required. It was agreed that a direct award with XPS Administration be progressed. However, under the terms of the Framework a process is required to be completed as follows: -

1. The customer (Leicestershire Police) must determine the services levels required
2. The customer must determine management information required
3. The customer must establish value for money and seek internal justification for seeking a direct award
4. A call-off may not be more than 7 years in total.

After discussion with Ruth Gilbert (Head of Finance) the following process was adopted to ensure compliance with points 1 to 4 above: -

1. The service levels required are those agreed to for the current contract and are contained in a separate Service Level Agreement and are based on the service levels detailed in the MINT Commercial Services framework.
2. All management information to be reported is as currently applicable and agreed between XPS Administration and Finance in Leicestershire Police.
3. Value for money - The introduction of a new supplier via a competitive process would require additional costs to be determined relating to

implementation of a new contract with a cost of £20,000 quoted in the Framework for this contract. West Yorkshire Pension Fund quote a cost of £18 per member. Based on 5,584 members that would equate to an annual cost of £100,512 this includes all payslip charges.

Summary of annual costs: -

XPS Administration £115,890 + £8.056 payslip costs = £123,946

West Yorkshire Pension Fund £100,512 + £20,000 implementation costs = £120,512
+ £2,300 postage costs see below = £122,812

Variance between the suppliers over 12 months is £1,134.

Additional costs and time particularly within the Finance department would need to be considered during any new implementation if an award was made to West Yorkshire Pension Fund. Further additional work with Information security would also be required to be undertaken.

Disruption for pensioners in terms of communicating the new arrangements would also need to be considered and that would require separate letters to be sent to pensioners advising them of the changes. Using 2nd class postage at £0.66 (x 3,488 number of letters) that would incur further additional costs of £2,300

Regarding arrangements for Pension Remedy, the implementation of and calculation and payment of payment benefits under the amended Legislation will be significant and a change of contractor will cause considerable additional work and time to be committed by Finance to manage this process.

4. It is proposed that an initial 4 year call-off is agreed with an option at Leicestershire Police's sole discretion to include a further three year extension. Initial contract period 1st April 2022 to 31st March 2026 with the option to extend taking the full contract award to 31st March 2029.

Due to the value of the proposed arrangement a contract signed under seal will be arranged with the OPCC. A full set of terms and conditions have been agreed with XPS Administration under the MINT Commercial Services Framework.

Recommendation(s) presented:

Procurement recommend that the contract for the provision of Pensions Administration Services is awarded to XPS Administration from 1st April 2022 to 31st March 2026 with an option to extend (at Leicestershire Police's total discretion) for a further 36 months until 31st March 2029. Annual pricing applicable from 1st April 2023 will be dependent on numbers of scheme members and relevant RPI's increases.

The first year contract value is £123,946. The estimated initial four year cost is £495,784. The estimated 7 year value is £867,622.

Key discussion points

It was resolved that:

OFFICE OF PCC APPROVAL

Chief Executive or Chief Finance Officer:

I have been consulted about the proposal and confirm that appropriate advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner

Signature: 

Name: 

Date: 17/03/2022

Publication Scheme

Decision of Monitoring Officer:

As Monitoring Officer for the Office of Police and Crime Commissioner for Leicestershire I have determined that:

It is appropriate to publish this record of decision made by the Police and Crime Commissioner : **Yes/No**

It is appropriate to publish the contents of the report proposing this course of action prepared by either of the senior post holders in the Office of the Police and Crime Commissioner for Leicestershire (i.e. either the Chief Executive or Chief Finance Officer) : **Yes/No**

It is appropriate to publish details of the decision by the Police and Crime Commissioner for Leicestershire : **Yes/No**

Reasons for any non-Publication (referencing appropriate legislation): None

Signature: 

Name: 

Date: 17.3.22.

Police and Crime Commissioner for Leicestershire

Having received the advice set out above and reviewed relevant documentation my decision in regard of this matter is:

Approved/Not approved

Signature 

Date: 23-3-22