

ITEM No ...10.....

REPORT TO: CITY GOVERNANCE COMMITTEE – 22 SEPTEMBER 2025

REPORT ON: SOURCING STRATEGY AND PROPOSED TENDER AWARD FOR PENSION ADMINISTRATION SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 282-2025

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for pension administration services to undertake GMP (Guaranteed Minimum Pension) reconciliation, and the rectification of Tayside Pension Fund's records to HMRC records to ensure accurate reflection of the Fund's contracted out liability, and to seek approval to commence a compliant tender process, leading to the award of a contract.

2. RECOMMENDATION

It is recommended that the Committee approves the commencement of a direct award to Equiniti in respect of the provision of GMP reconciliation, based on the sourcing strategy summarised in this report.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct costs for the Council arising from the award of this contract.

3.2 The estimated total contract value is £117,000. The contract will be fully funded by Tayside Pension Fund for which budget provision has been made and will be until the completion of the exercise that is expected to be no later than 31 March 2026.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 Provision of Pension Administration Support Services – GMP Reconciliation

Dundee City Council is seeking to engage a supplier to provide Pension Administration Support Services for the purpose of completing the GMP reconciliation exercise for the Tayside Pension Fund. This exercise will cover all members with GMP and contracted-out service, including active members. The objective is to ensure that all GMP and contracted-out records held by the Fund are individually reconciled with those held by HMRC. Additionally, any HMRC records that have been incorrectly attributed to the Tayside Pension Fund will be corrected to reflect the Fund's actual contracted-out liabilities.

4.2 There are limited delivery opportunities as this type of service is provided by specialist companies. It is also unsuitable for collaboration, as service provision is bespoke to each pension fund based on their individual circumstances.

5 SOURCING STRATEGY SUMMARY

5.1 Although this contract is for specialist financial services, there is a framework available. This is the Norfolk LGPS Framework Pensions Administration Operational Support Services Framework Lot 1 – Pensions Administration Operational Services. Direct awards are an option under this Framework. There are 6 suppliers on the list, however, we wish to direct award as Equiniti have already successfully delivered previous work and are familiar with

Tayside Pension Fund systems and caseload. Furthermore, during these factors, Equiniti's overall approach provided officers with reassurance of their depth of resources, experience, and their internal controls and risk management processes. They were able to demonstrate that their approach was tailored to suit the needs of the fund, fully meeting requirements, and reflecting good practice. Both material delivery and presentation were considered superior and on a set of standard assumptions, their contract estimate was the mid-range price.

5.2 The expected range of benefits that this contract will deliver is limited as this is a contract for specialist pension administration services. There are expected economic benefits in the form of bespoke financial services to Tayside Pension Fund to ensure that GMP records are complete and accurate.

6. RISK ANALYSIS

6.1 There are four standard risks in any procurement and for public sector regulated procurement. A fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Under the framework agreement, if a direct award is made, the costs are fixed for the duration.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The specification is contained within the framework.
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Supplier has proven experience demonstrated by already carrying out Phases 1 and 2 previously.
Contractual Risk – Being able to remedy the company's shortcomings in the contractor's performance without severely damaging the contract and avoiding reliance on the contracted supplier as the contract develops.	Framework Service Specification and Contract Conditions provide a structure for monitoring performance.
Legal Risk – where a procurement is found unsound in law, through the public procurement rules	Procurement is through a legally compliant Framework.

7. CONCLUSION

7.1 The information above demonstrates clarity of sourcing strategy for the procurement of services.

8. POLICY IMPLICATIONS

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

9.1 The Council Leadership Team were consulted in the preparation of this report.

10. BACKGROUND PAPERS

10.1 None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

5 SEPTEMBER 2025