

This is a published notice on the Find a Tender service: <https://www.find-tender.service.gov.uk/Notice/016481-2021>

Tender

## **Government Actuary's Department - Stochastic Economic Scenarios**

Government Actuary Department

F02: Contract notice

Notice identifier: 2021/S 000-016481

Procurement identifier (OCID): ocds-h6vhtk-02c7d3

Published 14 July 2021, 1:03pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

Government Actuary Department

Finlaison House, 15-17 Furnival Street

LONDON

EC4A1AB

#### **Contact**

Charles Pettit

#### **Email**

[procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)

#### **Telephone**

+44 7305605377

#### **Country**

United Kingdom

**NUTS code**

UK - United Kingdom

**Internet address(es)**

Main address

<https://www.gov.uk/government/organisations/government-actuaries-department>

**I.3) Communication**

The procurement documents are available for unrestricted and full direct access, free of charge, at

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>

**I.4) Type of the contracting authority**

National or federal Agency/Office

**I.5) Main activity**

Economic and financial affairs

---

## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

Government Actuary's Department - Stochastic Economic Scenarios

#### **II.1.2) Main CPV code**

- 66519600 - Actuarial services

#### **II.1.3) Type of contract**

Services

#### **II.1.4) Short description**

A key part of our advice relates to, or relies on, the potential outturns for key economic variables - in particular in relation to asset returns, inflation and future interest rates. To support our advice in this area, GAD are looking to tender for a contract for the provision of a set of stochastic economic scenarios ("scenarios", "scenario set" or "economic scenario file").

The economic scenario file should contain stochastic forecasts of economic scenarios covering inflation, interest rates, credit, derivatives, FX and a range of asset classes. The scenarios are used in several areas of our advice, particularly for asset liability model runs for pension schemes, and are used to examine and illustrate the potential range of possible future outcomes.

We require that a set of scenarios be provided to us regularly, at least quarterly, over the period of the contract. We also required that the scenarios:

- i) are based on sound economic principles and methods;
- ii) are calibrated to reflect the market and economic conditions at the effective date of the calibration to ensure consistency with the date at which they are used; and
- iii) are calibrated to reflect either the provider's own view or GAD's own house-view on the long-term outcome for key economic variables in the scenario set.

GAD does not currently have a current provider of this service, though we have previously purchased one-off calibrations to support particular projects.

In addition to the standard scenario files based on these principles, it is standard actuarial practice to consider other plausible assumptions and demonstrate the sensitivity of our advice to other assumptions. To inform this, we also require the ability to generate additional scenarios based on alternative views and calibration parameters and/or carry out stress testing on the scenario set.

GAD recognises that it may also be possible to procure access to an "economic scenario model" to provide the capability for GAD to produce the scenarios files described above ourselves. Due to current levels of capacity and capability, our preference is for the scenario sets to be provided to us based on calibration targets, adjustments and stresses that are discussed and agreed with the supplier. It is therefore essential that tenderers have the capability to deliver scenarios to us directly. However, depending on the level of capacity and capability required to maintain and run such models ourselves, GAD are interested to explore this as an additional service and tenderers are invited to disclose such service provision in their response.

Tenders for must be submitted via email to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk). Failure to do so may result in the tender response not being processed or the response being automatically disqualified during the evaluation stage of the tender process.

#### **II.1.5) Estimated total value**

Value excluding VAT: £10,000

#### **II.1.6) Information about lots**

This contract is divided into lots: No

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 66519600 - Actuarial services

#### **II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

#### **II.2.4) Description of the procurement**

A key part of our advice relates to, or relies on, the potential outturns for key economic variables - in particular in relation to asset returns, inflation and future interest rates. To support our advice in this area, GAD are looking to tender for a contract for the provision of a set of stochastic economic scenarios ("scenarios", "scenario set" or "economic

scenario file").

The economic scenario file should contain stochastic forecasts of economic scenarios covering inflation, interest rates, credit, derivatives, FX and a range of asset classes. The scenarios are used in several areas of our advice, particularly for asset liability model runs for pension schemes, and are used to examine and illustrate the potential range of possible future outcomes.

We require that a set of scenarios be provided to us regularly, at least quarterly, over the period of the contract. We also required that the scenarios:

- i) are based on sound economic principles and methods;
- ii) are calibrated to reflect the market and economic conditions at the effective date of the calibration to ensure consistency with the date at which they are used; and
- iii) are calibrated to reflect either the provider's own view or GAD's own house-view on the long-term outcome for key economic variables in the scenario set.

GAD does not currently have a current provider of this service, though we have previously purchased one-off calibrations to support particular projects.

In addition to the standard scenario files based on these principles, it is standard actuarial practice to consider other plausible assumptions and demonstrate the sensitivity of our advice to other assumptions. To inform this, we also require the ability to generate additional scenarios based on alternative views and calibration parameters and/or carry out stress testing on the scenario set.

GAD recognises that it may also be possible to procure access to an "economic scenario model" to provide the capability for GAD to produce the scenarios files described above ourselves. Due to current levels of capacity and capability, our preference is for the scenario sets to be provided to us based on calibration targets, adjustments and stresses that are discussed and agreed with the supplier. It is therefore essential that tenderers have the capability to deliver scenarios to us directly. However, depending on the level of capacity and capability required to maintain and run such models ourselves, GAD are interested to explore this as an additional service and tenderers are invited to disclose such service provision in their response.

Tenders for must be submitted via email to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk). Failure to do so may result in the tender response not being processed or the response being automatically disqualified during the evaluation stage of the tender process.

## **II.2.5) Award criteria**

Price is not the only award criterion and all criteria are stated only in the procurement documents

**II.2.6) Estimated value**

Value excluding VAT: £10,000

**II.2.7) Duration of the contract, framework agreement or dynamic purchasing system**

Duration in months

36

This contract is subject to renewal

Yes

Description of renewals

Option to extend the contract by 2 years and the option of a 2 year break clause.

**II.2.10) Information about variants**

Variants will be accepted: Yes

**II.2.11) Information about options**

Options: No

---

## **Section III. Legal, economic, financial and technical information**

### **III.1) Conditions for participation**

#### **III.1.1) Suitability to pursue the professional activity, including requirements relating to enrolment on professional or trade registers**

List and brief description of conditions

See Invitation to Tender through link -

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>

#### **III.1.2) Economic and financial standing**

Selection criteria as stated in the procurement documents

#### **III.1.3) Technical and professional ability**

Selection criteria as stated in the procurement documents

### **III.2) Conditions related to the contract**

#### **III.2.2) Contract performance conditions**

See Invitation to Tender through link -

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>

## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Open procedure

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: Yes

### **IV.2) Administrative information**

#### **IV.2.2) Time limit for receipt of tenders or requests to participate**

Date

11 August 2021

#### **IV.2.4) Languages in which tenders or requests to participate may be submitted**

English

#### **IV.2.7) Conditions for opening of tenders**

Date

25 August 2021

Local time

11:00pm

---

## **Section VI. Complementary information**

### **VI.1) Information about recurrence**

This is a recurrent procurement: No

### **VI.2) Information about electronic workflows**

Electronic invoicing will be accepted

### **VI.3) Additional information**

See Invitation to Tender through link -

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

Appraisal Panel

Finlaison House

London

EC4A 1AB

Email

[procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)

Country

United Kingdom

#### **VI.4.3) Review procedure**

Precise information on deadline(s) for review procedures

See Invitation to Tender through link -

<https://www.contractsfinder.service.gov.uk/Notice/92b4b397-37cf-411d-8cf7-b90f5ef2f744>