



## PENSIONS (SPECIAL) COMMITTEE 21 February 2019

**Subject Heading:**

**INVESTMENT MANAGEMENT  
CONSULTANCY SERVICES– STAGE 2  
EVALUATION**

**SLT Lead:**

**Jane West**

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**Policy context:**

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**Contract Procurement Rules**

**Financial summary:**

**No direct costs at this stage**

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

### SUMMARY

In line with the “Invitation to Participate in a Further Competition under the National LGPS Framework for Investment Management Consultancy Services” there will be a two stage evaluation process of the suppliers bidding for LOT 1 to provide Investment Management Consultancy Services to the Pension Fund.

Members will receive presentations from each of the shortlisted Investment Management Consultancy firms and give consideration as to the appointment of an Investment Management Consultant (“IMC”) for the Pension Fund (“the Fund”).

## RECOMMENDATIONS

That the Committee:

1. Receive presentations from the shortlisted IMC firms.
2. Delegate authority to the Council's Chief Financial Officer to award the IMC Services contract and in consultation with the Monitoring Officer to approve the final forms of contract and entering into such agreements necessary to give effect to the recommendations detailed in this report.

## REPORT DETAIL

1. The current contract with Hymans ran from 1<sup>st</sup> April 2012 until 31<sup>st</sup> March 2017 and the option to extend the contract for a further two years was exercised annually and ceases on the 31 March 2019.
2. At the Committee meeting (21 November 2017), Members agreed to undertake the procurement of an IMC through the "LGPS National Framework for Investment Management Consultancy Services" which commenced on the 19 January 2018.
3. In February 2018, the procurement process was halted following the commencement of a London CIV Governance consultation. Officers, in agreement with the Chair, decided that it would await the outcome of the consultation to assess what impact if any this would have on the services required by the IMC.
4. Given that the Committee (21 November 2017) expressed a wish to be involved in the selection process, that the decision be deferred until the new committee was established following the local elections in May 2018.
5. Accordingly, officers resumed the procurement process for the IMC through the "LGPS National Framework for Investment Management Consultancy Services". The "Invitation to Participate in a Further Competition under the National LGPS Framework for Investment Management Consultancy Services" was issued on the 13 December 2018 with a **closing date of 8 February 2019**.
6. Assessment of the mini competition submitted documents will by way of a two stage process against the following criteria:

<b>Criteria</b>	<b>Weighting</b>
	<b>%</b>
Stage 1: Price - Value for Money	40
Stage 1:Quality	35
Stage 2:Service Fit (presentation)	25
<b>Total</b>	<b>100</b>

7. Stage 1 will be a desk top evaluation by a panel of officers. All eligible bids will be evaluated based on their tender submission using price and quality criteria. Price and quality scores will be added together and ranked. Under the framework there are 8 service providers eligible to bid but only the top 4 or equal ranked providers (in terms of both quality and price) will be taken forward to stage 2 of the process.
8. At the time of writing this report the stage 1 evaluation process was not complete and the shortlisted consultancy firms not finalised.
9. Stage 2 of the evaluation process will comprise of a presentation designed to assess service fit. Providers have been informed that they will be required to give a presentation to the Committee and answer any of their questions. The presentation question is set out in **Appendix A** to this report.
10. Members will evaluate the presentations and score each provider.
11. The Stage 2 score will then be added to the Stage 1 score to determine the overall successful provider. The decision for the appointment will be by way of delegated authority to the Chief Financial Officer in line with the recommendation in this report.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

The frameworks provide public authorities with the opportunity to reduce the cost and time associated with procurement activities. By developing a short list of approved candidates, the frameworks can help reduce the time taken to otherwise

## Pensions Committee, 21 February 2019

procure a service from six to nine months to a matter of weeks, as well as offering standardised terms and conditions. In addition to offering savings to the funds, the small fee paid by funds to access the framework helps to ensure that the model is self-financing in the long term.

The fee of £5,000 for joining/accessing the LGPS framework has been met by the Fund.

All awarding authorities are eligible for an aggregated cumulative stepped rebate. This is based on the overall value of work awarded to a supplier under the National LGPS Framework, pro-rata'd across all Authorities awarding work to that supplier during the year (across both services). This will be due for cash payment as at 31 March each year for work completed and invoiced during the year. Rebate costs will be reported to the Committee as part of the annual service review of the IMC.

The nature of the contract means that ad hoc pieces of work will be required, subject to Committee Member's requirements and an ongoing evolving investment strategy and therefore the full cost of the contract is not able to be costed in advance. The core contract costs will be identified against the price criteria as part of the Stage 1 evaluation process.

The seven year duration of the contract will not be completed until 31 March 2019 but the estimated total contract costs over the past seven years is expected to be in the region of £741,000.

The cost of the IMC contract is met from the Fund.

### **Legal implications and risks:**

All LGPS Funds are required to procure professional advisory services in line with Regulation 7 of the Management & Investment Regulations 2016, authorities after taking proper advice, formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State.

When making investment decisions evidence that external professional advice was sought, is a qualitative test to be met to be able to opt up to professional client status under MifID 11 (Markets in Financial Instruments Derivative).

The procurement process was undertaken in line with the Councils contract procedure rules utilising the National Framework "Call-off" Guidance which is a lawful route for public authorities and compliant with the Public Contract Regulations 2015 in respect of this above threshold procurement for Services. The decisions sought in this report meet the Councils Constitution and Contract Procedure Rules.

Officers note that the IMC Services contract will need to be signed under seal in line with the Councils Constitution when the decision for award is duly taken.

**Human Resources implications and risks:**

There are no direct human resource implications and risk arising from this report.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected