

Notice of Non-key Executive Decision

Subject Heading:	Award of Investment Management Consultancy Services Contract
Cabinet Member:	Cabinet Member for Finance and Property, Councillor Roger Ramsey
SLT Lead:	Statutory Section 151 Officer - Jane West
Report Author and contact details:	<i>Debbie Ford</i> <i>01708432569</i> <i><u>Debbie.ford@onesource.co.uk</u></i>
Policy context:	In line with Local Government Pension Schemes regulations requiring funds to procure professional advisory services
Financial summary:	National Framework joining fees and contract costs charged to the Pension Fund
Relevant OSC:	Overview and Scrutiny Board
Is this decision exempt from being called-in?	No

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

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

In line with the Pensions Committee decision on the 21 November 2017 the Havering Pension Fund (The Fund) joined the National LGPS Framework for Investment Management Consultancy (IMC) Services

The Fund ‘called off’ from the Framework – Lot 1 (Actuarial Services) - which included eight service providers. Only three providers submitted bids:

Hymans Robertson
Mercers
KPMG

Following the procurement evaluation process and moderation process Hymans achieved the highest score.

Hymans Robertson is the incumbent Investment Manager Consultant for Havering Pension Fund and officers are satisfied with the service that Hymans Robertson has been providing and there has been no negative feedback from the Pensions Committee.

It is recommended that the Investment Management Consultancy Services contract be awarded to Hymans calling off the National Framework for Investment Management Consultancy Services for a period of five years with the option to extend by a further two years as per the framework bringing the total cost of the contact to £ 459k.

To facilitate use of the National LGPs framework. A Member Access agreement between Norfolk County Council (LGPS Framework procurement owner) and the London Borough of Havering was signed in September 2018,

This is a legal document between Havering and Norfolk County Council and the London Borough of Havering. The purpose of the document is to regulate any liabilities that may arise as a result of use of the Framework.

In line with the framework guidance an order form will be completed following the decision to appoint which will form a contract between the Fund and the successful bidder and will set out the contract monitoring criteria.

AUTHORITY UNDER WHICH DECISION IS MADE

The Pension Committee has the delegated power under Part 3 of the Constitution, Responsibility for Functions; (under Section 1.2 Functions delegated to general council committees) to “authorise staff to invite tenders and to award contracts to actuaries, advisers and fund managers and in respect of other related investment matters”.

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The Pensions Committee on 21 November 2017 agreed to delegate :

- a. To join the National Framework for Investment Management Consultancy Services
- b. To hold the service provider interviews before the Pensions Committee as part of the further competition process.

The Pensions Committee held a special meeting on the 21 February 2019 at which they received presentations from the three service providers and also delegated 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

STATEMENT OF THE REASONS FOR THE DECISION

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 current contract for the Pension Fund IMC services (with Hymans Robertson LLP) expires on 31 March 2019.

New contract needs to be awarded to ensure adherence to regulations.

OTHER OPTIONS CONSIDERED AND REJECTED

As part of their 2014 LGPS Opportunities for Collaboration, Cost Savings and Efficiencies consultation, the Department of Communities and Local Government (DCLG) (now MHCLG) recognised that "there are clear advantages and savings to making use of the National LGPS Frameworks" and stated that "funds should give serious consideration to making greater use of these frameworks".

With the DCLG's views in mind and the value for money factors, officers recommended that the Havering Pension Fund call off from the National LGPS Framework for Investment Management Consultancy Services.

No other options were considered as all the main advisory firms likely to bid for the contract were on the framework.

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The framework is as a result of collaboration between a number of founding LGPS funds.

It removes the need to run an OJEU (Official Journal of the European Union) equivalent full tender exercise when procuring a longer term, single supplier relationship. Reducing the procurement process from 6 – 9 months to 4 – 6 weeks.

Frameworks deliver value for money by reducing the time and cost associated with procurement by offering a facility that has already been competitively tendered. Agreed terms and conditions are provided so users can simply 'call-off' the framework to meet their requirements, therefore removing costly and time consuming legal work from the procurement process.

Using the Frameworks will help funds easily access the marketplace and influence better prices.

PRE-DECISION CONSULTATION

Not applicable

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Debbie Ford

Designation: Pension Fund Manager (Finance)

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

In accordance with the Council's duty under Reg 7 Management and 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 utilising the National Framework for Investment Management Consultancy Services 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 meets the Councils Constitution and Contract Procedure Rules.

Contractual arrangements exceeding £150,000 are subject to execution under seal in line with the Councils Constitution.

FINANCIAL IMPLICATIONS AND RISKS

The cost of joining the National LGPS Framework for Investment Management and Consultancy Services for Lot 1 £5,500.

The cost of core services for the Pension Fund IMC Services during the contract period over 7 years has been offered at £459k.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

No direct HR implications

EQUALITIES AND SOCIAL INCLUSION 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

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- 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

BACKGROUND PAPERS

NONE

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

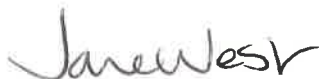
Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed



Name:

JANE WEST

Cabinet Portfolio held: Chief Operating Officer

CMT Member title: Statutory S151 Officer

Head of Service title Head of Pensions and Treasury

Other manager title: Pension fund Manager (Finance)

Date: 10/4/19

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Committee Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 10/4/2019

Signed

