



Havering

L O N D O N B O R O U G H

PENSIONS COMMITTEE AGENDA

1.30 pm

**Thursday
21 February 2019**

**Committee Room 1-
Town Hall**

Members 7: Quorum 3

COUNCILLORS:

Conservative Group

(3)

John Crowder
(Chairman)
Matt Sutton
Viddy Persaud

Residents' Group

(1)

Stephanie Nunn

Upminster & Cranham Residents Group (1)

Ron Ower

Independent Residents' Group (1)

David Durant

North Havering Residents' Group (1)

Martin Goode (Vice-Chair)

Trade Union Observers

(No Voting Rights) (2)

John Giles, Unison
Andy Hampshire, GMB

Admitted/Scheduled Bodies Representative

(Voting Rights) (1)

**For information about the meeting please contact:
Victoria Freeman 01708 433862
victoria.freeman@onesource.co.uk**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

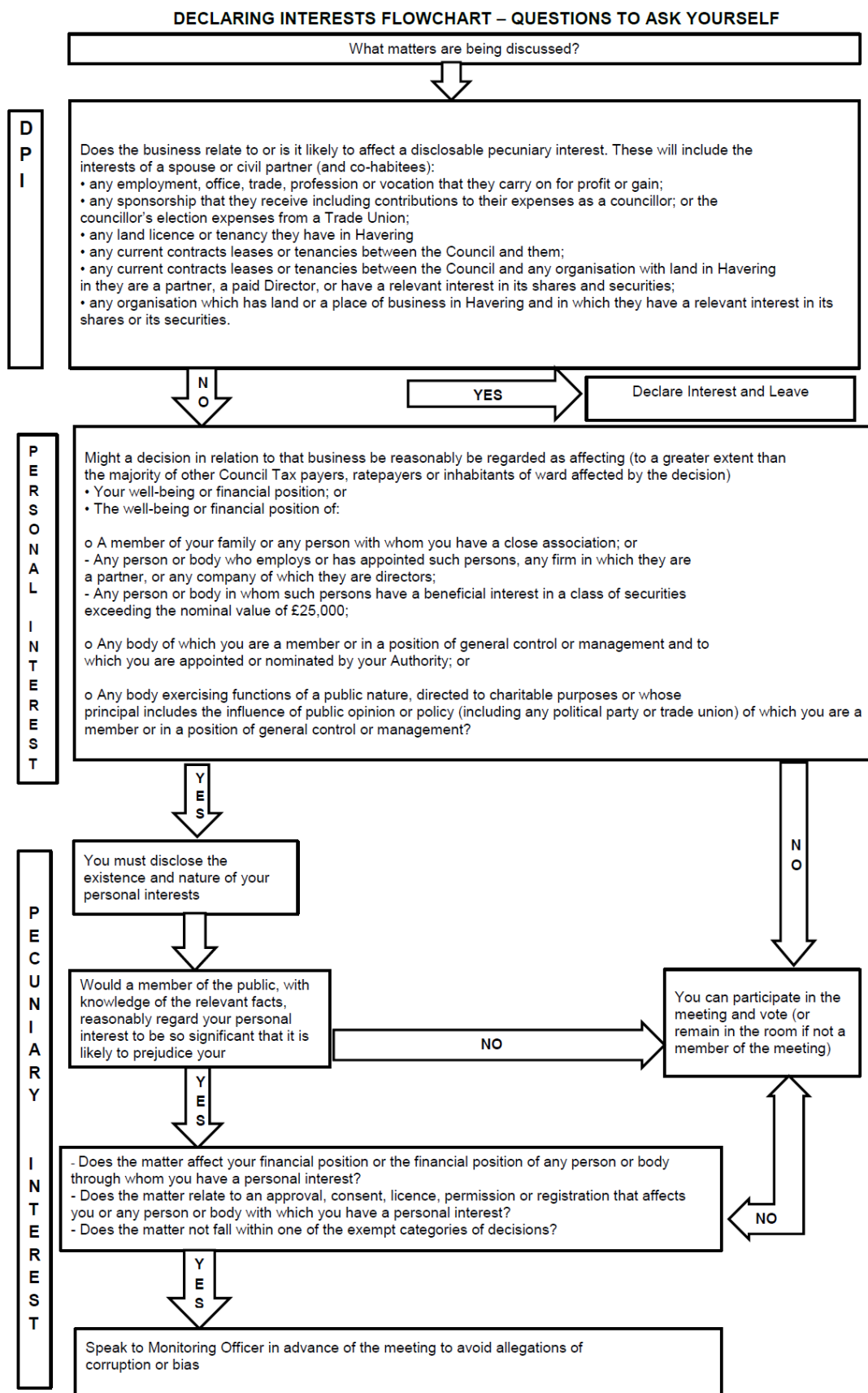
Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.



AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive

3 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in any item at any time prior to the consideration of the matter.

4 EXCLUSION OF THE PUBLIC

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

5 INVESTMENT MANAGEMENT CONSULTANCY SERVICES - STAGE 2 EVALUATION (Pages 1 - 8)

Andrew Beesley
Head of Democratic Services

PENSIONS (SPECIAL) COMMITTEE 21 February 2019

Subject Heading:	INVESTMENT MANAGEMENT CONSULTANCY SERVICES– STAGE 2 EVALUATION
SLT Lead:	Jane West
Report Author and contact details:	<i>Debbie Ford</i> <i>Pension Fund Accountant</i> <i>01708432569</i> Debbie.ford@onesource.co.uk
Policy context:	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 1st April 2012 until 31st 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:

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

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

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

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Havering - Further Competition Scores feedback forms

STAGE 2 Evaluation LOT 1 - Service Fit - Total Weighting 25%

	Criteria	Weight	Score (0-5)	Comments
Q	What competitive advantages and added value can you bring to support Havering's pension fund			
Page 7	People (5%)	5%		
Page 7	Knowledge of Havering's Situation (10%)	10%		
	Approach to investment advice (10%)	10%		
Service Score Overall		25%		

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