



Pensions Board
24 July 2018

Report from the Chief Finance Officer

Investment Advice Procurement

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	0
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 The purpose of this report is to set out the proposed procurement process to be adopted in relation to the contract for investment advice, where the current contract expires on 30 September 2018.

2.0 Recommendation(s)

2.1 That the Committee grant delegated authority to the Chief Finance Officer to appoint a provider for investment advice services to the Fund, following a procurement process that will be carried out by officers.

2.2 That the committee nominate, if it deems appropriate to do so, representatives to attend the interview and presentation stage of the procurement process.

3.0 Detail

3.1 In order for Brent to carry out its functions as an Administering Authority under the Local Government Pension Scheme regulations, the Council must take proper advice in relation to investment of the Fund's assets. The incumbent provider is MJ Hudson Investment Advisers Ltd, and have been advising the Fund since September 2013.

- 3.2 The current contract for investment advice services with MJ Hudson Investment Advisers Ltd expires on 30 September 2018.
- 3.3 Procurement exercises are the method that the Council uses to ensure that value for money is maintained when seeking supplies and services contracts from third parties. The LGPS investment environment is changing radically over the next few years with the introduction of asset pooling, therefore, Officers feel that best value can be delivered by testing the market at fairly regular intervals in coming years. Hence, it is recommended that this contract would be awarded for a period of three years only, with an end date of 30 September 2021, with the option to extend for one year.
- 3.4 Norfolk County Council has set up a National Framework for Investment Consultancy Services for the use of LGPS Funds. The framework is used extensively by LGPS funds. The framework increases transparency when it comes to fees, and comparability between firms. Officers therefore feel that the use of the framework presents best value for the fund. It was therefore thought best to use the framework agreement to conduct the procurement exercise.
- 3.5 There are eight firms signed up to this framework:
- Aon Hewitt
 - Deloitte
 - Hymans Robertson LLP
 - JLT Employee Benefits
 - KPMG
 - Mercer Ltd
 - PricewaterhouseCoopers LLP
 - Redington Ltd
- 3.6 Officers are proposing to carry out a mini competition in order to appoint one of the firms above, and Invitation To Tender (ITT) will be sent to all eight firms inviting them to tender for the contract.
- 3.7 The procurement exercise will consist of two stages. The first stage will assess written submissions from all firms to assess 'price' and 'quality'. The three firms who score most highly at this stage will then be called to the second stage of the procurement. This second stage will consist of a presentation and interview where 'service fit' will be assessed.
- 3.8 All costs of the contract will be met fully by the pension fund, i.e. there will be no direct cost implications for the Council. The pension fund maintains a separate bank account for the payment of pension fund related costs, such as those for investment consultancy services.
- 3.9 The contract will be priced by activity, and the pricing structure for each provider on the framework is fixed so that the prices for all LGPS funds calling off the framework for this specific provider are the same. Officers estimate that the likely spend will be in the region of £40k-£50k per annum.

4.0 Financial Implications

4.1 The Council must take proper investment advice in relation to the Fund's assets, therefore appointing an investment advisor is necessary.

4.2 The estimated cost of the contract will be approximately £40k-£50k per annum. This estimate is based on the framework pricing schedule and the level and volume of work likely to be requested by the Fund. The cost will be funded by the pension fund.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer