

	Pensions Fund Sub-Committee 20 th February 2023
	Report from the Corporate Director, Finance and Resources
Procurement of Investment Management Services	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
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1.0 Purpose of the Report

- 1.1 The purpose of this report is to summarise the outcome of the Investment Management Services tender.

2.0 Recommendation(s)

That the Pension Fund Sub-Committee:

- 2.1 Notes the re-appointment of Hymans Robertson LLP to provide investment management services for the Brent Pension Fund.

3.0 Detail

- 3.1 All Local Government Pension Funds are required to appoint a number of service providers in order for the Fund to carry out its functions as an Administering Authority under the Local Government Pension Scheme (LGPS) regulations.
- 3.2 All LGPS Funds are required to procure Investment Management Services in line with Regulation 7 of the Management & Investment Regulations 2016 which states:
- “An authority must, 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.”
- 3.3 Investment Management Services include, but are not limited to, the production of quarterly monitoring performance reports, attendance at Pensions Subcommittee, performance monitoring of the Funds investment managers, selection of new managers, reviewing the Fund’s investment strategy, advising on strategic asset allocation and preparation of key documents such as the Investment Strategy Statement.
- 3.4 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 exercise was conducted using the National LGPS Framework (the “Framework”) managed by Norfolk County Council. The Framework is available for use by LGPS funds for investment management services.
- 3.5 The benefits of using a framework agreement are that the Council can reduce procurement time and costs because the framework has already been through a competitive tender and Public Contracts Regulations 2015 compliant procurement process. The Council is then able to call off the available frameworks for services without having to undertake full procurements, by either running mini competitions for services or through direct awards of providers as appropriate.

Appointment of Investment Management Services Contract

- 3.6 Officers undertook a procurement exercise using the Framework between August and October 2022. There were 7 providers of Investment Management Services on this Framework: Aon Hewitt, Deloitte, Hymans Robertson LLP, Isio, Mercer Ltd, Pricewaterhouse Coopers LLP and Redington Ltd.
- 3.7 The procurement exercise took the form of a mini competition under the Framework. Each provider was required to submit their responses to the questions outlined in the invitation to further competition document. Each submission was assessed against the headline evaluation criteria set out below:

Criteria	Weighting
Quality	60%
Price	30%
Social Value	10%
Total	100%

- 3.8 A response was received from only one provider on the Framework. The response was evaluated independently by a panel of Pension Fund Officers. The panel, with support from a Procurement officer, then proceeded to moderate their scores. Each element of the scoring was then combined to determine an overall score for the provider. A clarification interview was also held with the provider on 3rd October 2022.
- 3.9 Following the tender process, the Corporate Director, Finance & Resources using delegated powers appointed Hymans Robertson as the service provider for this contact for a period of 3 years with the potential to extend for a further two years. The new contract commenced on 24th October 2022.
- 3.10 All costs of this contract will be met fully by the pension fund and 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 the investment management contract.

4.0 Financial Implications

- 4.1 The estimated cost of the investment management services contract will be approximately £100k per annum. This estimate is based on the level of 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 The Pensions Fund Sub-Committee are responsible for the appointment of external service providers for the Brent Pension Fund in accordance with its Terms of Reference in Part 4 of the Constitution. The Pensions Fund Sub-Committee has delegated the procurement and award of contracts to the Corporate Director, Finance and Resources.
- 5.2 The investment management services contract was subject to the procurement requirements of the Public Contracts Regulations 2015 (the “PCR 2015”).
- 5.3 The PCR 2015 allows the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full procurement process. Call offs under the framework need to be carried out in accordance with the framework rules, to include using evaluation criteria specified in the framework and utilising the terms and conditions set out in the framework.

5.4 Contract Standing Order 86(e)(ii) states that no formal tendering procedures apply where contracts are called off under a framework agreement established by another contracting authority, where call off under the framework agreement is approved by the relevant Chief Officer to include confirmation there is adequate budgetary provision and provided that the Corporate Director, Governance has advised that participation in the framework is legally permissible. The Corporate Director, Governance advised that participation in the Framework was legally permissible.

6.0 Equality Implications

6.1 Officers believe that there are no adverse equality implications arising from the procurement of the contract for investment management services for the Brent Pension Fund.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract.

Related Documents:

Procurement of Actuarial, Custodian and Investment Management Services – 21 February 2022 (Brent Pension Fund Sub Committee)

Report sign off:

Minesh Patel

Corporate Director, Finance and
Resources