



# PAPER F

Purpose: For Noting

## Committee report

Committee	<b>PENSION FUND COMMITTEE</b>
Date	<b>13 JULY 2018</b>
Title	<b>PROCUREMENT UPDATE</b>
Report of	Technical Finance Manager

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### EXECUTIVE SUMMARY

1. This report updates the committee on activity undertaken to procure services for the Isle of Wight Pension Fund. This follows up the briefing provided at the last meeting.
2. Members are asked to note the activity undertaken and the contracts awarded.
3. Members are also asked to note that all anticipated procurement activity for the fund has now been completed.

### INVESTMENT CONSULTANCY SERVICES

4. At the meeting on 18 May 2018, the committee was advised that responses to the invitation for further competition, using the National Local Government Pension Scheme (LGPS) Framework for Investment Management Consultancy Services, were expected by 29 May 2018.
5. Four compliant responses were received by that date, and were evaluated by three council officers. A preferred bidder was identified through that process.
6. The intention to award notice was issued on 18 June 2018, following which a ten-day standstill period commenced.
7. The contract has been awarded to Hymans Robertson LLP with effect from 29 June 2018. The contract will be for a period of five years, with an option to extend for up to two additional years.

## DATA IMPROVEMENT

8. Also at the meeting on 18 May 2018, the committee was advised that an invitation for further competition for project support to rectify historic data issues, using the National LGPS Framework for Third Party Administration Services, was expected to be issued in early June 2018.
9. This invitation was issued on 25 May 2018, and three compliant responses were received by the deadline of 11 June. These responses were evaluated by three fund officers, and a preferred bidder was identified.
10. The intention to award notice was issued on 21 June 2018, with the contract awarded to ITM Limited. The contract will be for a maximum period of nine months, with the intention that all data issues are resolved by 31 December 2018, but allowing some time for final resolution before the actuarial valuation date of 31 March 2019.

## INVESTMENT MANAGEMENT COST BENCHMARKING

11. As agreed at the meeting on 18 May 2018, the fund has now submitted the order form for this service through Lot 3 of the LGPS Framework to CEM Benchmarking Limited.
12. Access has been provided to the secure portal for the submission of data to be included in the monitoring reports for the period to 31 March 2018.

## INVESTMENT PERFORMANCE COMPARISON

13. Following discussion at the 18 May 2018 Pension Fund Committee meeting, the fund has now submitted the order form for this service through Lot 2 of the LGPS Framework to PIRC Limited.
14. The data requirements have been received, and a request has been submitted to the fund's custodian (BNP Paribas Securities Services) for the provision of the necessary information.

## STRATEGIC CONTEXT

15. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the LGPS regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
16. Procuring contracts for essential services to the fund through the use of National LGPS Frameworks ensures that value for money is achieved.

## FINANCIAL / BUDGET IMPLICATIONS

17. The costs for the service identified above will be borne by the pension fund, and will have no impact on the council's budget.
18. The contracts for data improvement support and investment management cost benchmarking are new, so are additional costs to the fund above those previously incurred.
19. The contract for investment consultancy will generate savings in respect of reporting to and attendance at quarterly committee meetings of approximately £4,000 per annum against the previous contract cost. However, there will be additional costs as new work is commissioned in terms of developing a revised investment strategy, linking into the ACCESS pooling agenda.
20. The contract for investment performance comparison (league tables) represents a saving of approximately £5,000 per annum, albeit against a service which ceased in 2016.
21. The annual review of each of the contracts procured, including those previously reported to the committee, will include a review of actual costs against the tender submission received, and against costs under the previous contract, to demonstrate that value for money has been achieved.

## LEGAL IMPLICATIONS

22. In all procurements undertaken, the pension fund has used the National LGPS Frameworks, which ensure compliance with necessary procurement rules.
23. The council's Procurement and Contract Monitoring Team has been fully engaged throughout the process for procurement of all services for the pension fund.

## EQUALITY AND DIVERSITY

24. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
25. Procurement activity undertaken by the fund has no impact on any of the protected characteristics.

## RISK MANAGEMENT

26. Using the National LGPS frameworks to undertake procurement for services for the pension fund reduces the risks to the fund of non-compliance with procurement rules, as the frameworks are designed to ensure openness and transparency of the process, and reduce the risk of challenge, as well as reducing officer workloads by pre-confirming the quality of providers and offering pre-agreed terms and conditions.

## RECOMMENDATION

27. The committee is asked to note the procurement activity undertaken.

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