

Report for: Pensions Committee and Board – 4 March 2020

Title: Investment Management Consultancy Services Contract

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy s151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions and Treasury,
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1. In order for Haringey (the Council) to carry out its functions as an Administering Authority under the Local Government Pension Scheme (LGPS), the Council must take proper advice in relation to investment of the fund's assets: this is done via procuring the services of an external specialist firm: the fund's investment management consultant. The incumbent provider is Mercer Ltd. who would have advised the fund for seven years at the end of the current contract in March 2021.
- 1.2. The current contract for investment management consultancy services with Mercer will expire on 31 March 2021. The current contract was awarded in April 2018 for two years with the possibility of a one year extension. The Pensions Committee and Board agreed to a one year extension in March 2020.
- 1.3. The Committee was notified at its November 2020 meeting that the Fund will be soliciting tenders for a new three year contract with the possibility of extending for one further year. At this committee meeting, the committee and Board were briefed that the Fund would look to enter into a new three year contract for investment management consultancy services (with possible extension for one further year), following a procurement exercise carried out by officers with the involvement of the Independent Advisor to the Fund. The contract will run from 1 April 2021 to 31 March 2024, and will provide for an option to extend the contract for a further year to 31 March 2025.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Pensions Committee and Board is asked:

- 3.1. To agree the selection of the Pension Fund's investment management consultant in line with the Council's procurement guidelines and the outcome of the competitive tender process, as set out in the confidential Appendix 1 to the report, for a term of three years from 1 April 2021 with an option to extend by a further 12 months in line with the specification in the tender documents.

4. Reason for Decision

- 4.1. The Pensions Committee and Board, at its meeting in November 2020, noted that the contract award for investment management consultancy services would be made following a procurement exercise carried out by officers, using the National LGPS Framework. This report asks the Pensions Committee and Board to agree the outcome of the tender process.

5. Other options considered

- 5.1. The fund must appoint an investment management consultant to ensure it is able to access proper investment advice in order to fulfil its duty as Administering Authority for Haringey LGPS Fund. Therefore, not appointing an investment management consultant would be an inappropriate course of action.

6. Background information

- 6.1. This contract award is being made following a procurement exercise carried out by officers, using the National LGPS Framework which is hosted by Norfolk County Council. The Framework Agreement is fully compliant with the Council's procurement rules. The framework hosted by Norfolk is used extensively by LGPS funds. The framework increases transparency when it comes to fees, and comparability between firms.
- 6.2. 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 management consultancy services. This is a required practice for LGPS funds under Regulation 6 of the LGPS (Management and Investment of Funds Regulations) 2016.
- 6.3. Officers invited the following seven firms signed up to the framework to participate in a mini competition to tender for the contract with Haringey:

- Deloitte
- Hymans Robertson LLP
- Isio
- JLT
- Mercer Ltd
- PricewaterhouseCoopers LLP
- Reddington

- 6.4. Of the seven firms invited to tender, four firms submitted bids for the contract.
- 6.5. The procurement exercise consisted of two stages. The first stage assessed written submissions from all firms to assess 'price', and 'quality'. The three firms who had the highest scores at this stage were then invited to take part in the second stage of the procurement.
- 6.6. This second stage consisted of a presentation and interview where 'service fit' was assessed. Five members of the Pensions Committee and Board attended this session as observers.
- 6.7. Officers and the Independent Advisor, who has previous experience of participating in the appointment of investment management consultants to the LGPS, scored the bids.
- 6.8. The results of the procurement exercise are presented in the attached confidential appendix to this report.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

- 8.1. The chief finance officer has been consulted over the contents of the report and confirms that the annual costs can be legitimately charged to the pension fund.
- 8.2. The Fund must take proper investment advice in relation to the fund's assets, therefore appointing an investment management consultant is necessary.

Legal

8.3 The Head of Legal and Governance (Monitoring Officer) notes the contents of the report. There are no specific legal implications arising from this report.

Equalities

8.4. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Confidential Appendix: Investment Management Consultant Contract Procurement Results

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.