

Haringey Council

Report for:	Corporate Committee 19 th September 2013	Item number	
Title:	Award of contract for Pension Fund Investment Advisory Services		
Report authorised by :	<i>J. Parker 10/9/13</i> Director of Corporate Resources		
Lead Officer:	Ian Talbot, Interim Head of Finance – Treasury & Pensions ian.talbot@haringey.gov.uk 020 8489 8621		
Ward(s) affected: N/A	Report for Non Key Decision		

1. Describe the issue under consideration

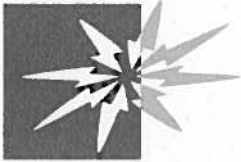
- 1.1 This report seeks approval from Committee to award a contract for Pension Fund Investment Advisory Services.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Committee approve the award of the Pension Fund Investment Advisory Services contract to Mercer Ltd for a period of 3 years from 6th November 2013 with the Council having the option to offer an extension for a further year, at an estimated cost of £240,000 over the initial period.



4 Other options considered

- 4.1 Following the decision to enter into a framework agreement for Pension Fund Investment Advisory Services, a mini competition was undertaken and the five tenders received were evaluated before making this recommendation.

5 Background information

- 5.1 The current Pension Fund Investment Advisory Services contract with Aon Hewitt, as extended under Contract Standing Order 10.01, expires on 31st October 2013.

- 5.2 Norfolk County Council has undertaken an OJEU compliant tender process for a framework agreement for Pension Fund Investment Advisory Services which is available for all Local Government Pension Fund administering authorities to use. The Council has entered into this framework agreement which has facilitated the selection of a provider to be made through a process of mini competition, avoiding the need for a time and resource consuming full OJEU tender process.

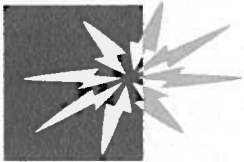
- 5.3 The six organisations on the framework agreement were invited to take part in the mini competition process and the following five responded:

Aon Hewitt
JLT Investment Consulting
Hymans Robertson LLP
KPMG LLP
Mercer Ltd

- 5.4 The submissions were evaluated by a panel comprising:

Assistant Director – Finance
Interim Head of Finance, Treasury and Pensions
Pension Fund Independent Adviser

- 5.5 The Panel evaluated written responses to questions about how the service would be provided to the Council and what the price levels would be within the price ceilings set out in the framework. The responses were scored with 70% of the marks awarded for quality and service fit and 30% for price.



Quality scores were awarded on the basis of written responses to a set of questions covering the broad reasons why the tenderers considered they should be appointed, their staffing resources and qualifications, examples of their advice and how they would work with the Fund and its officers. The tenderers then further clarified their responses at interview with the Panel.

Each pricing element was evaluated separately with the most favourable price being allocated the maximum available points (e.g. for Manager Search the most favourable received 11 marks). Each of the other tenders was awarded marks in proportion to this price, so that, for example, a price that was 10% more expensive received 10% fewer marks, one that is 20% more expensive received 20% fewer marks, etc.

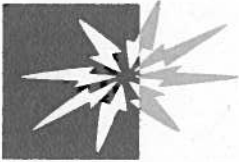
5.7 The table below details the scores awarded by the evaluation panel:

Evaluation criteria	Max. score	Firm A	Firm B	Firm C	Firm D Mercer	Firm E
Quality and fit	70%	52.1	45.3	63.1	61.5	52.9
Price	30%	30.0	9.8	18.6	24.5	13.6
TOTAL	100%	82.1	55.1	81.7	86.0	66.5

Full details of all the scores are given in the exempt appendix

5.8 As the table above demonstrates, Mercer scored highly in both areas demonstrating an effective and efficient approach to Investment Advisory duties.

5.9 Therefore it is recommended that the Pension Fund Investment Advisory Services contract is awarded to Mercer Ltd for a period initially of 3 years with the option for the Council to offer an extension of a further year should it wish. The cost is estimated at £240,000 over the initial period.



6 Comments of the Chief Financial Officer and financial Implications

- 6.1 The use of a framework has saved time and resource while at the same time ensuring that the procurement of the Pension Fund Investment Advisory Services is compliant with OJEU requirements. A charge of £5,000 to use the framework was paid to Norfolk County Council to cover the costs in setting it up. Whilst it is difficult to predict the exact level of service that will be required the value of the contract over the three years initial contract period is estimated to be in the region of £240,000. All investment advisory work for the Pension Fund is charged to the Fund and any work undertaken specifically for an employer will be recharged to that employer.

7 Head of Legal Services and Legal Implications

- 7.1 The services are being procured via a Framework Agreement which was established by Norfolk County Council following an OJEU procurement process and which the Council as a contracting authority is able to utilise.
- 7.2 The Council has followed a mini-competition process by inviting the economic operators on the Framework Agreement who are capable of performing the contract to submit bids for the services.
- 7.3 The Council now wishes to award the contract to Mercer Limited.
- 7.4 Under Contract Standing Order 3.3, the Corporate Committee has the same powers as the Cabinet in relation to procurement decisions and award of contracts relating to the Pension Fund.
- 7.5 The Corporate Committee therefore has power to approve the award of this contract.
- 7.6 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

8 Equalities and Community Cohesion Comments

- 8.1 Haringey Council is committed to wherever possible, to use its procurement function as a strategic tool to help performance on its public sector equality duty. In this regard, the Council's aims are two folds. To ensure that:
- procedures used in inviting and selecting tenders are as accessible and as fair as possible so that all who are interested and able to can tender for Council business;



contracts are performed in a manner that have regard to the need to serve all intended beneficiaries equally and without discrimination on ground of any of the characteristics protected by section 4 of the Equality Act 2010.

8.2 As this report indicates in paragraph 5.2, the framework agreement used in this procurement has been made OJEU compliant by the work of Norfolk County Council. This has ensured that access to opportunity to compete was facilitated.

8.3 The aim of the contract is to procure Pension Fund Investment Advisory Services that will ensure that Members and employees of the Council who are members of the pension fund are well served, equally and without discrimination on grounds of whatever equality characteristics they may possess.

8.4 Thus, the twin aims of the Council's equal opportunities policy in regard to procurement are served.

9 Head of Procurement Comments

9.1 Consultancy services falls under Part A services and therefore a contracting authority must normally advertise the contract in the EU's Official Journal and follow the procedural rules set down in the Regulations. The National LGPS Framework allows local authorities to access the framework and carry out a mini competition between a range of qualified providers. By using the framework the Council saved significant time and resources, whilst still delivering a service specified to the client's requirements. The Council are also able to benefit from a collaborative procurement which includes an aggregated cumulative stepped rebate.

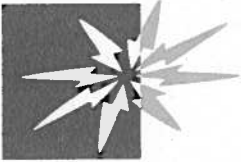
9.2 The procurement process was carried out with the guidance of a procurement officer. A clear methodology and evaluation criteria were given and the winning bidder clearly offers best value by achieving the highest total (quality and price) score.

10 Policy Implications

10.1 None.

11 Use of Appendices

11.1 Contained in Part B for exempt information.



Haringey Council

12 Local Government (Access to Information) Act 1985

12.1 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):
Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3)