

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

PENSION FUND INDEPENDENT ADVISER

Purpose of the Report

1. To provide information on the procurement of an independent adviser to the Pension Fund Committee and to seek approval to the proposed contract specification, the proposed selection process and to delegate selection of the Member panel to evaluate the tenders to the Chair and Vice-Chair of Pension Fund Committee.

Background

2. The current contract for the Independent Adviser ends in October 2019. The contract was originally let in October 2015 for 3 years and was extended in 2018, as permitted by the original contract, for a further year. The contract has been novated from the original provider company, but the actual advice has been provided by William Bourne for the duration of the contract.

Information

3. The LGPS Pension Regulations 2016 set out that Administering Authorities must take “proper advice” in the formulation of the Investment Strategy Statement and the taking of investment decisions. “Proper Advice” is defined as the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters. For Nottinghamshire Pension Fund this requirement has been met by letting a contract to receive advice from an Independent Adviser employed to support both officers and the Pension Fund Committee.
4. The current contract was let as a 3-year contract with the option of a 1-year extension. It is proposed that the new contract is let as 3 years plus a possible 2-year extension. This will ensure consistency of advice but allow for a change, if deemed appropriate, after the initial 3 years.
5. Support will be provided by Corporate Procurement throughout the tender process. In order to ensure a new contract is signed by October 2019, the procurement process will need to start at the end of July 2019.

6. It is proposed that evaluation of tenders will take place against the draft specification set out in Appendix A. A scoring matrix will be prepared assessing the tenders against the requirements, and it is envisaged that shortlisted advisers will be invited to interview to further establish their suitability against the requirements of the fund.
7. Final evaluation will be based on an assessment of quality and price. It is proposed that the evaluation is split 70% quality and 30% price to ensure the fund receives the best possible advice going forward to assist with investment decisions. This is consistent with the weighting applied at the last tender. It is proposed that the assessment and interview panel will consist of 3 Members and 2 Officers.

Other Options Considered

8. None. Independent advice is essential to ensure Pension Fund Committee receives appropriate advice when making key decisions.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

10. The cost of the current contract is circa £30k p.a. The proposed 3-year contract with possible extension by 2 years will mean a total cost around £150k. The cost of the adviser will be charged to the pension fund.

RECOMMENDATION/S

It is recommended that Members:

- 1) Approve the proposed specification and procurement process set out in the report.
- 2) Delegate the selection of the 3 Members of the selection panel to the Chair and Vice-Chair of the Pension Fund Committee.

Keith Palframan

Group Manager – Financial Services

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments (KK 5/7/19)

11. The proposal in this report is within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (KRP 5/7/19)

12. As noted in the report the estimated cost of the independent adviser is £30k p.a. This cost is a valid charge to the pension fund.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

- All