

Pensions Committee

10am, 24 June 2013

Collective Procurement & Appointment of Provider

Item number	5.8
Report number	
Wards	All

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Single Outcome Agreement

Alastair Maclean

Director of Corporate Governance

Contact: Clare Scott, Investment & Pensions Service Manager

E-mail: clare.scott@edinburgh.gov.uk | Tel: 0131 469 3865

Executive summary

Collective Procurement & Appointment of Provider

Summary

Collective Procurement

Local Government Pension Funds are being encouraged to find ways to further increase collaboration and partnership working, to share best practise and achieve efficiencies and service improvements. The use of shared procurement frameworks offer the opportunity to reduce procurement overheads (time and money) for both Funds and service providers, while giving Funds efficient access to high quality services at the best cost.

A number of pension funds are working in partnership to deliver national frameworks for the procurement of services for LGPS Administering Authorities and participating employers. One such example is branded as the 'National LGPS Frameworks' where frameworks for actuarial, benefits and investment consultants are currently available. The partnership is being coordinated by the Norfolk Pension Fund. Other smaller-scale collaborations, are also being undertaken.

Lothian Pension Fund will explore the use of such frameworks at the end of the fixed term contracts for providers, or earlier, as convenient.

Investment Research System Provider

A search for a specialist investment software system to allow comprehensive quantitative screening and back-testing of potential investment strategies has concluded. The system is required to allow the internal investment team to undertake research on potential ways to manage equities in ways other than using market-capitalisation.

Key requirements for the provider were breadth of coverage of the investment universe and data items, as well as strict data quality controls. In addition to a robust & reliable database of information on companies with flexible functionality, the quality, reliability as the provider of the system and the initial contract term will be one year and content of the available output was also a key consideration. FactSet was selected

Recommendations

That the Pensions Committee notes the efforts to undertake collective procurement and the appointments of FactSet for the provision of specialised investment software.

Measures of success

The success of accessing providers through joint procurement processes should save time and particularly will be measured on the reduction in fees.

The investment software provides the necessary information to undertake research on new opportunities to manage the pension fund equities. Objectives will be set for any new equity mandates and success measured against those objectives.

Financial impact

Collective procurement aims to deliver cost savings.

Internal management of the investments of the pension fund delivers financial savings for the pension funds. The financial impact of the new investment strategy will be analysed and reported in due course to Pensions Committee.

Equalities impact

There is no relationship between the matters described in this report and the public sector general equality duty.

Sustainability impact

There is no sustainability impact as a result of this report.

Consultation and engagement

The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to the governance of the Funds.

Background reading / external references

None.

Links

Coalition pledges

Council outcomes CO26 – The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives.

Single Outcome Agreement

Appendices None