



Pensions Committee

2.00pm, Tuesday, 29 September 2020

Lothian Pension Fund – Contract Awards (Period 1 January to 30 June 2020)

Item number 6.4

1. Recommendations

The Pensions Committee is requested to:

- 1.1 Note the Lothian Pension Fund Contract Award update included as Appendix 1 of this report.

Doug Heron

Chief Executive Officer, Lothian Pension Fund

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Lothian Pension Fund – Contract Awards (Period 1 January to 30 June 2020)

2. Executive Summary

- 2.1 The Council's Commercial and Procurement Services (CPS) team provide support services to the LPF group in relation to procurement activity and payment operations.
- 2.2 The Lothian Pension Fund, Contract Awards report (Appendix 1) from the Chief Procurement Officer provides an update to the Pensions Committee on the scope of contracts awarded by Lothian Pension Fund (LPF Group) in the period 1 January to 30 June 2020.

3. Background

- 3.1 Originally, the six-monthly Contract Award update was presented to the Council's Finance and Resources Committee.
- 3.2 Following the LPF Governance review 2019 it was agreed that due to the separate governance arrangements for the LPF Group, it is appropriate to report the contracts awarded to the Pensions Committee directly.
- 3.3 The contract awards are now reported to the Pensions Committee on a six-monthly basis and the LPF Group continues to engage with the Council's CPS team to refine the scope of services they provide to the LPF Group as part of the ongoing governance review project.

4. Main Report

- 4.1 The Contract Awards report from 1 January to 30 June 2020 is set out in Appendix 1 of this report.

5. Financial impact

- 5.1 See Appendix 1 of this report.

6. Stakeholder/Regulatory Impact

6.1 See Appendix 1 of this report.

7. Background reading/external references

7.1 None.

8. Appendices

Appendix 1 – Lothian Pension Fund Group – Contracts Awards report by Chief Procurement Officer

Pensions Committee

2.00pm, Tuesday 29 September 2020

Lothian Pension Fund Group - Contract Awards (Period 1 January to 30 June 2020)

Item number	***
Executive/Routine	Routine
Wards	
Council Commitments	

1. Recommendations

It is recommended that the Committee notes the contents of this report and the authorisations made under the Scheme of Delegation to Officers. A further report will be submitted to the Committee in approximately six months' time.

Stephen S. Moir

Executive Director of Resources

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Report

Lothian Pension Fund Group – Contract Awards (Period 1 January to 30 June 2020)

2. Executive Summary

- 2.1 This report updates the Pensions Committee on the scope of contracts awarded by Lothian Pension Fund Group (LPF Group) in the period 1 January to 30 June 2020. This provides visibility of contracts awarded under the Scheme of Delegation to Officers, inclusive of direct contract awards not openly tendered due to specific circumstances permitted in regulation and those awarded following a waiver of the Council's Contract Standing Orders (CSOs).

3. Background

- 3.1 A report is presented to Finance and Resources Committee on a six-monthly basis detailing the scope of contracts awarded across the Council under the Scheme of Delegation to Officers.
- 3.2 It was identified that, rather than including them in the reporting to Finance and Resources Committee and reflecting the separate governance arrangements for the LPF Group (Lothian Pension Fund (LPF), LPFI Limited and LPFE Limited) it would be more appropriate to report these contracts awarded by LPF Group to the Pensions Committee on a similar six-monthly basis. By way of explanation, LPF contracts are in the name of the Council, but acting in its separate capacity as Administering Authority for the LPF Group.

4. Main report

- 4.1 This report updates the Pensions Committee on the scope of contracts awarded by LPF Group in the period 1 January to 30 June 2020, inclusive of direct contract awards not openly tendered due to specific circumstances permitted in regulation and those awarded following a waiver of the CSOs. Information is as recorded within the Council's Contract Register on 6 July 2020.
- 4.2 The Council's CSOs outline contract approval thresholds for goods, works and services, identifying both the level of award which can be undertaken and those with the authority to award.

- 4.3 In specific circumstances, direct awards can be undertaken, where it is not practically viable to 'tender' the requirement.
- 4.4 A waiver of CSOs to allow a contract to be awarded or extended without competitive tendering may also be required in certain circumstances. Inevitably, there will always be a need for a select number of waivers, however each is evaluated on its own merits and approval given only if fully justifiable and in the best interests of the Council and other LPF Group stakeholders. Such circumstances continue to be tightly controlled and scrutinised and will be reported to this Committee moving forward.
- 4.5 The CSOs state that contracts above a threshold of £1m for supply of goods and services and £2m for works require approval from the Committee prior to award.
- 4.6 A summary of contracts awarded under the Scheme of Delegation to Officers in the period noted, is presented in Table 1 below.

Table 1 - Contracts Awarded Under Delegated Authority

Date	Supplier	Contract Description	Duration	Value
22/01/2020	Ernst and Young LLP	Review of arrangements for direct property investment portfolio.	1 Year 2 Months	£14,850
17/02/2020	Wilmington Publishing & Information Limited T/A Pendragon	Annual membership to information subscription service.	3 Years	£48,000
17/02/2020	Transunion International UK Limited	Annual membership to fraud and identity solutions company.	3 Years	£15,000
11/03/2020	Club Vita	Annual membership for longevity modelling.	3 Years	£38,000
22/04/2020	PRI Association	Annual subscription to reporting framework.	3 Years	£32,000
06/05/2020	Style Analytics Limited	Membership for style analytics.	2 Years	£52,500
25/05/2020	Legal & General Investment Management	Investment costs, relating to subscription to investment funds.	5 Years	£100,000
25/05/2020	Bloomberg Finance L.P.	Membership to the Bloomberg service.	2 Years	£160,000
				£460,350

- 4.7 A summary of contracts awarded under the Scheme of Delegation to Officers by way of a waiver of CSOs is presented in Table 2 below.

Table 2 - Contracts Awarded Under Waiver of CSOs By Delegated Authority

Waiver No.	Supplier	Justification for waiver	Duration	Value
Waiver 2194	Deloitte LLP	Audit of LPF tax claims to different authorities around the world, continuity and best interests.	3 Years	£36,000
Waiver 2197	BNP Paribas Real Estate Advisory & Property Management UK Ltd	Short term support for operations of LPF internally managed direct property portfolio, to minimise rates liabilities, best interests.	1 Year	£60,000
				£96,000

5. Next Steps

- 5.1 A further report will be submitted to the Committee in approximately six months' time.

6. Financial impact

- 6.1 Through a robust procurement approach, proactive management of contract cycles, aggregating spend and carrying out competitive procurement where appropriate, this should continue to support commercial efficiency and achieve Best Value for LPF Group contracts.

7. Stakeholder/Community Impact

- 7.1 LPF Group has been consulted in relation to their expiring contracts, waivers and suppliers in the collation of this report. On an ongoing basis, the CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.
- 7.2 Due to the significant volumes of activity and numbers of stakeholders involved in purchasing and procuring goods, services and works, Commercial and Procurement Services (CPS) relies on services, inclusive of LPF Group, to provide accurate information through their Contract Register entries and timely requests for

procurement assistance. To mitigate against any risks in this area, data is reviewed for accuracy and reliability in consultation with services.

- 7.3 A waiver denotes a departure from the CSOs. There may be an increased risk if LPF Group has departed from European Union (EU) or Scottish procurement regulations. As such, each waiver is scrutinised on its own merits in this context with appropriate checks and balances both in relation to LPF Group stakeholders and corporately for the Council, and is only approved if justifiable and considered in the best interests, given the circumstances or permitted in accordance with the relevant legislative framework.
- 7.4 There are no equalities or sustainability impacts directly arising as a result of this report.

8. Background reading/external references

- 8.1 N/A

9. Appendices

- 9.1 N/A