



Pensions Committee

2.00pm, Wednesday 7 December 2022

Lothian Pension Fund Group - Contract Awards (Period 1 July 2021 to 30 June 2022)

1. Recommendations

The Pensions Committee (Committee) is requested to:

- 1.1 Note the contents of this report and the authorisations made under the Scheme of Delegation to Officers.

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Lothian Pension Fund Group – Contract Awards (Period 1 July 2021 to 30 June 2022)

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 July 2021 to 30 June 2022. 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). The report details contracts administered by the Council to which the CSOs would apply, as above, and separately, those contracts awarded by LPFI Ltd and LPFE Ltd directly, with this information provided by officers of LPF Group.

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, LPFI Ltd and LPFE Ltd), it would be more appropriate to report these contracts awarded by LPF Group to the Pensions Committee on an annual basis. By way of explanation, contracts awarded by LPF Group are, in the main, in the name of the Council but acting in its separate capacity as Administering Authority of the Lothian Pension Fund.

4. Main Report

- 4.1 This report updates the Pensions Committee on the scope of contracts awarded by LPF Group in the period 1 July 2021 to 30 June 2022, 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 Friday 11th July 2022 for those contracts awarded by the Council acting as Administering Authority as above. This is supplemented by information from LPF Group for those contracts awarded directly by LPFI Ltd and

LPFE Ltd in respect of which the Council was not acting as Administering Authority. For clarity these latter contracts are detailed in a separate table within this report with this information having been provided by officers of LPF Group and are not subject to the Council's CSOs.

- 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. In specific circumstances, direct awards can be undertaken, where it is not practically viable to 'tender' the requirement.
- 4.3 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.
- 4.4 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. It is noted there were no contract awards above these thresholds during the period.
- 4.5 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
11/08/2021	Accurate Data Services Ltd	Address tracing, correction services and mortality screening services.	4 Years	£26,936
13/08/2021	Hermes Equity Ownership Services Limited	Engagement and voting services.	6 Years 2 Months	£562,500
25/08/2021	Chronos Sustainability Ltd	Consulting agreement, supporting preparation of a stewardship report.	3 Months	£19,000
19/10/2021	Ernst and Young LLP	Tax services, audit letter of engagement.	3 Years 3 Months	£17,400
10/02/2022	KPMG LLP	Project specific tax advice.	2 Months	£5,000
21/03/2022	Crown Agents Bank	Existence checks for overseas pensioners.	3 Months	£4,000

21/03/2022	JC Peters Ltd t/a Email Blaster UK	Bulk mailing for annual newsletter.	1 Year 6 Months	£4,000
21/03/2022	Hymans Robertson LLP	Project management services.	1 Year 1 Month	£180,313
25/03/2022	Pricewaterhousecoopers LLP	Project specific VAT advice.	3 Months	£4,750
31/03/2022	Pricewaterhousecoopers LLP	Qualified Foreign Pension Funds (QFPF) tax advice.	3 Months	£24,500
01/04/2022	Mourant Ozannes	Investment execution - offshore power of attorney.	8 Months	£1,500
01/04/2022	Pensions Administration Standards Association	LPF Pensions Administration Standards Association reaccreditation.	2 Years	£5,000
01/05/2022	CMS Cameron McKenna Nabarro Olswang LLP	Specialist legal services relating to Scottish properties in property portfolio.	2 Years 5 Months	£200,000
07/06/2022	UBS Global Asset Management UK Ltd	Management of investment fund.	2 Years	£75,000
				£1,129,899

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

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

Waiver No.	Supplier	Justification for waiver	Duration	Value
Waiver 2771	Caceis Investor Services	Investment cost transparency and benchmarking services.	1 Year 1 Month	£19,360
Waiver 2789	Hermes Equity Ownership Services Limited	Provision of voting and engagement services.	7 Months	£13,740
Waiver 2796	MSCI ESG Research Inc.	Specific benchmarking data to support LPF indirect property investment monitoring.	3 Months	£12,000
Waiver 2797	MSCI ESG Research Inc.	Specific benchmarking data to support LPF internal equity investment management.	2 Years	£36,100
Waiver 2799	Deloitte LLP	Specialist tax advisory services ancillary to ongoing work to which the supplier has inherent knowledge.	4 Months	£34,000
Waiver 2819	Capital Economics Limited	Property investment benchmarking data.	12 Months	£15,000
Waiver 2923	Style Analytics Limited	Continuation of subscription for investment analytics.	2 Years	£58,000
Waiver 2949	Green Street Advisors (UK) Limited	Specialist property related information to support investment decision making process, best interests.	2 Years	£11,000
				£199,200

- 4.7 A summary of contracts awarded by LPFI Ltd and LPFE Ltd directly, detail of which was provided by LPF Group, and out-with the scope of the Council's CSOs, is presented in Table 3 overleaf.

Table 3 - Contracts Awarded By LPFI Ltd and LPFE Ltd (1 July 2021 to 30 June 2022)*

Date	Supplier	Contract Description	Duration	Value
13/09/2021	Mercer Limited	Provision of Operational Risk Review services to LPFI Limited.	30/11/2021	£20,465.43
21/09/2021	Azets Holding Limited	Provision of Professional Services to LPFI and LPFE.	Time-spent	£16,288
01/03/2022	FWB Park Brown Limited	Executive Recruitment Services to LPFE Limited for Chief Risk Officer.	Until Appointment (Completed)	£24,999.99
04/03/2022	BDO LLP	Provision of Compliance Support Services to LPFI Limited.	Retained	£2,400/month
07/03/2022	HRC Recruitment (Scotland) Ltd	Introduction of Candidates to LPFE Limited for Direct Employment/ Engagement	Until Appointment (Completed)	£10,395

*Suppliers awarded a contract with a total value of less than £5,000 have not been included.

- 4.8 The contract arrangements reported on here will not be affected in the short term by preparations for Project Forth and are expected to continue beyond the implementation of Project Forth with arrangements being put in place nearer the time to transfer those contracts currently in the name of CEC to Forth where the services relate only to the Funds and to formalise the basis on which services provided to CEC can continue to be accessed by Forth where the services are used by both CEC and the Funds. The custodian contract with Northern Trust has been extended until well into 2023 and anticipates the possibility of Project Forth.

5. Financial impact

- 5.1 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.

6. Stakeholder/Regulatory Impact

- 6.1 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 of the CSOs, dependent on the expected value.

- 6.2 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.
- 6.3 A waiver denotes a departure from the CSOs. There may be an increased risk if LPF Group has departed from 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.
- 6.4 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.

7. Background reading/external references

- 7.1 [LPF Group - Contract Awards \(Period 1 January to 30 June 2021\)](#)

8. Appendices

- 8.1 N/A.