

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD

11 October 2018

PENSION FUND – FUND PROCUREMENT PROCESS

Purpose of the Report

1. This report sets out the Fund's robust and proper procurement practices which are in place and enable the Fund to ensure best value from its service providers in conjunction with Wiltshire Council policy.

Background

2. The Fund procures the external services it requires in accordance Part 10 of Wiltshire Council's constitution on Procurement and contract rules. It also operates in accordance with Wiltshire Council's procurement strategy 2016/20.
3. Wiltshire Council's procurement strategy to commission services which has been adopted by the Fund involves the four key stages of; preparation & specification, procurement, contract management & review. Fund officers receive specific training in relation to procurement either from the Council's procurement department or the Council's appointed external contract management consultants Newcomen Consultancy.
4. Procured contractual services are categorised by officers on the basis of value, risk & complexity and are appointed typically either via a National Framework arrangement or by Request for Quotation (RFQ). Service providers are then categorised in terms of their value on a Platinum, Gold, Silver & Bronze rating.
5. A schedule of procured external service providers is maintained by Fund officers who ensure that all new contracts have KPI's, scope of service definition & fee definition incorporated into the contracts so that performance monitoring can be implemented going forward. The implementation of the contractual review process will also typically commence 6 months prior to the cessation of the existing arrangement.
6. At present officers are undertaking a review of all the Fund's procured services driven by 3 overarching requirements. These are;
 - a) Existing services which are approaching the end of their contractual term;
 - b) Ensuring that all services are compliant with GDPR; and
 - c) Reviewing the procured services being offered to ensure that the scope of service is consistent with the Fund's needs, notably in the area of software capability.

Considerations for the Board

7. The appointment of external advisors and service providers can broadly be broken down into three categories:
 - A). Appointment is required by legislation. For example, the Scheme Actuary and AVC provider;
 - B). Fully contracted out services (no legislative requirement). For example, tracing agents, legal support (although includes within Wiltshire Council's legal department) & software provision and support.

C). Partially contracted out services. For example, consultancy on benefits, governance and investment matters

Category B relates to specialised areas which the Fund does not have the scale to appoint specialised staff or infrastructure to operate in-house. Category C relates to areas which the Fund will choose on a case by case basis whether to use in-house resource or use a consultant under one of the contracts in place.

8. Wiltshire Council's contract management consultants Newcomen Consultancy have indicated that on average 2% of the value of each contract managed reflects the resource required to manage that contract. Based on that guidance Officers recognise that the Procurement & Contract management work alone would fully employ a senior member of the Fund's officer team.
9. Guidance from Wiltshire's independent consultants also indicate that up to 9% of the value of a contract can be lost if it is not managed effectively. The approach highlighted by Officers above therefore sets out to ensure that any loss of contractual value is kept to a minimum.
10. As part of the Fund's procurement process, Officers also give consideration to any potential conflicts of interest that may arise among its service providers. For example, where a merger or acquisition has taken place by the Fund's service providers.

Conclusions

11. The schedule of services providers maintained by Officers currently records 44 service contract/providers to the Fund. 28 relating to Administration & 16 in connection with Investments. In view of the items specified in point 6 above & the transfer of investment manager services to the Brunel Pension Partnership over the next 12 months, procurement & contractual management work will represent a significant commitment of resource by Officers for the foreseeable future.

Environmental Impact

12. There is no environmental impact from this report.

Financial Considerations

13. There are no immediate financial considerations, however the importance of completing this work appropriately is essential to ensure high levels of financial stewardship for the Fund going forward.

Risk Assessment

14. There are no risks identified at this time. Officers of the Fund can call upon the Council's Procurement, Governance & Legal services teams to mitigate potential risks.

Legal Implications

15. There are no immediate legal implications arising from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no implications at this time.

Proposals

17. The Board is asked to note the self-assessment undertaken by Officers.

ANDY CUNNINGHAM

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