

Pensions CIV Sectoral Joint Committee

Asset Servicer Procurement Update

Item no: 8

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Summary

This report provides the committee with background and a progress update relating to the procurement of the Asset Servicer (a key provider to the CIV). It notes that the procurement is underway through an OJEU process using the competitive dialogue route and that six potential providers responded to a PQQ, and following evaluation that led to three being shortlisted.

The tender is now at the ITT stage, with responses received from the three bidders on 28th November.

Recommendations The committee is recommended to:

- i. Note the content of this report and the on-going progress of the procurement
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Asset Servicer Procurement Update

Background

1. A key provider to the CIV will be an Asset Servicer (covering fund administration, depository and custodian roles). Putting this provider in place is key to finally defining the CIV's operating model and will be of great importance to the Financial Conduct Authority when they are asked to give consideration to authorising the arrangements being put in place to run the CIV overall.
2. As the contract with the Asset Servicer will be of high value and is likely to span several years (possibly up to five) the procurement is going through an OJEU process using the competitive dialogue route.
3. A Pre-Qualifying Questionnaire (PQQ) was published in the summer inviting interested parties to respond. Six potential providers submitted PQQ responses, which, following a scoring process, led to a shortlist of three candidates being invited to enter into the competitive dialogue stage and respond to a detailed Invitation to Tender (ITT).
4. As this contract is so important to the successful delivery and operation of the CIV, London Councils contracted with Mercer Sentinel (recognised experts in the contracting of such services) to inform the procurement process.
5. This procurement process is being facilitated by London Councils, on behalf of the CIV Operating Company, and is being supported by the Technical Sub-Group (TSG). The contract with the Asset Servicer will be between London LGPS CIV Ltd. (the CIV's Operating Company) and the selected provider, as such the decision to appoint rests with the company's interim directors.

Discussion

6. A detailed ITT was drawn up over a number of weeks by both Mercer and members of the TSG and was issued on Friday 7 November to the three shortlisted candidates. The three unsuccessful candidates have now been informed in writing of their position by Mercer.
7. The ITT closed on Friday 28 November.
8. All three bids are being assessed against the scoring criteria published in the ITT, which focuses in part upon three scenarios for the CIV fund through which the candidates have drawn up pricing models.

Next Steps

9. On 10 December, a number of representatives from Mercer, the boroughs and London Councils will be attending clarification meetings with the three shortlisted candidates. The meetings will provide an opportunity to pose any questions that have arisen from their ITT responses, as well as give the candidates a final opportunity to clarify their position and support their ITT response. Following those meetings the responses will be given their final scoring.
10. Based on the final scores a report will be drafted for the Board of Directors of London LGPS CIV Ltd. to consider and make a final decision about which candidate should be awarded the contract. This decision will be published as a 'contract award notice' on the Internet (and relayed directly to each candidate) on Friday 19 December. The award notice will be followed by a mandatory standstill period of 10 calendar days, which will expire during the Christmas holiday break, thus leading to a final contract award in the New Year.
11. A report will come to the next meeting of the committee informing members of the outcome of this process.
12. The committee will wish to note that this is the first of a number of procurements that will be run over the coming months to put the necessary suppliers to the CIV in place, including an audit company, tax consultants and a compliance consultant. All procurements will be run following best-practice procurement methodologies.

Recommendations

13. The committee is recommended to:
 - i) Note the content of this report and the on-going progress of the procurement.

Financial implications

14. There are no financial implications for London Councils.

Legal implications

15. There are no legal implications for London Councils.

Equalities implications

16. There are no equalities implications for London Councils.