

Pension Fund Committee

Meeting to be held on 3 February 2012

Electoral Division affected: 'All'

Update on Procurement Processes

Contact for further information:

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Executive Summary

At its meeting in July 2011 the Pension Fund Committee approved the procurement process for the following contracts:

- Global Equity Investment Managers
- UK property management and independent valuers.

The purpose of this report is to provide the Committee with an update on these procurements.

Recommendation

The Committee is asked to note the contents of this report.

Background and Advice

At its meeting in July 2011 the Pension Fund Committee approved the procurement processes for Global Equity Investment Managers and UK property management and independent valuers.

(i) Global Equity Managers

The investment consultants, Bfinance, were appointed to manage the procurement of a panel of global equity investment managers on behalf of the Pension Fund following a mini-competition amongst the members of the Consultants' Framework Bench.

Bfinance prepared and issued the EU tender notice and tender pack in October 2011. When the tender closed on 9 December 2011, 86 responses had been received.

Bfinance have completed their analysis of the selection phase of the tender returns and are meeting with the Investment Panel on 2 February 2012 to review the results. This will give a list of around 25 investment managers, which have met the qualifying criteria and which move to the award phase.

The award phase returns of the 25 qualifying managers will be opened and analysed. Pension Fund officers and advisers will meet around 18 of the top scoring managers in London in late February with a view to arriving at a bench of around 10 approved investment managers.

These 10 Managers will then present to a formal selection panel of Fund officers and advisers, including the Treasurer to the Fund in late March. The decision on the selection of the managers is delegated to the Treasurer to the Fund. The selection panel will determine 3 or 4 managers to take on specific mandates within the overall global equities allocation. Based on this timescale the transition to any new managers will begin in the first quarter of the new financial year.

(ii) UK Property Management and Independent Valuers

The tenders of the UK Property Manager and Independent Valuer have had to be postponed to spring 2012.

The finalisation of the global equity investment manager documentation and the completion of due diligence work on funds identified for the lower volatility strategies allocation have involved much more time and resource than previously estimated.

The UK property portfolio remains one of the better performing parts of the Fund's investments. Knight Frank, the incumbent manager, continues to be active in rationalising and developing the portfolio.

The existing Independent Valuer, Cushman and Wakefield, has agreed to hold its fees at 2011 capped levels, which were already at a considerable discount to the rates formally in its contract.

Consultations

N/A.

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Directorate/Tel
N/A		

Reason for inclusion in Part II, if appropriate
N/A