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| **Home Grown Cereals Authority Pension Plan** |
| Review of Actuarial, Investment and Administration Services  Reference: 2014-060 |



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| HGCA Pension Plan  June 2015 |

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1. **Introduction**

The Trustee Board of the Home-Grown Cereals Authority (HGCA) Pension Plan is undertaking a tender exercise for its actuarial, investment and administration services. The current incumbent has provided these services for over six years and the Trustee Board has decided to undertake this exercise in line with good governance. This document outlines information on the Pension Plan, the employer and the tender process.

1. **Information on the Employer - AHDB**

The original Home Grown Cereal Authority (HGCA) was a Non Departmental Public Body established in 1965 to support the cereals and oilseed industries. HGCA was dissolved on 31 March 2008 and its activities and responsibilities, including the HGCA Pension Plan, passed to the Agriculture and Horticulture Development Board (AHDB). AHDB is also a Non Departmental Public Body (NDBP) created on 1 April 2008, and has responsibility for five agriculture sectors - cereals and oilseed, horticulture, potatoes, milk and red meat. It is based in Stoneleigh, Warwickshire.

AHDB’s income is primarily derived from statutory levies raised from the relevant agricultural sectors. Information about AHDB and the AHDB’s 2015 Annual Report is available on AHDB’s web-site (www.ahdb.org.uk).

AHDB offers its new employees a group personal pension arrangement. Management of this arrangement, and of the other legacy schemes, does not rest with the HGCA Pension Plan Trustee.

1. **The HGCA Pension Plan**

The HGCA Pension Plan (“the Plan”) was created in January 1973 by the merger of the HGCA’s Superannuation Fund and its Supplementary Superannuation Funds.

The Plan is a funded, defined benefit (DB) scheme, which is closed to new entrants but remains open to future accrual.

The Scheme was in the past non–contributory; however active member contributions were introduced from 1 August 2010.

The HGCA Plan pensioners are paid via the AHDB payroll.

Life Cover for active members and Spouse’s pension for active members are covered by insurance policies, currently with Canada Life.

Plan expenses are currently borne in the main by the employer.

The financial year for both the HGCA Pension Plan and AHDB is 1 April – 31 March.

The Fourth Definitive Trust Deed and Rules, the latest Annual Report and Accounts, the 2013 Valuation Report, the 31 March 2015 Actuarial Report, the latest Summary Funding Statement (SFS) and the Statement of Investment Principles (SIP) are available on request.

**Plan Assets**

The net assets of the Plan as at 31 March 2015 were £23.4m. At the time of the last valuation (31 March 2013), the Plan had a small deficit on a technical provision basis and a recovery plan has been agreed with the employer, which is planned to remove the deficit by 2018. The next full valuation is due as at 31 March 2016.

The Plan has two investment managers: a) the “protection” assets (60%) are held by a) F&C (Nominal Rate Dynamic LDI Fund, Real Rate Dynamic LDI Funds and F&C Sterling Liquidity Fund) and b) the “growth” assets (40%) are held by Standard Life (GARS Fund). A full strategic review of investments was undertaken at the end of 2013.

The Plan disinvests sums periodically to fund pension benefits and expenses.

**The Trustee Board**

There is a Corporate Trustee (HGCA Pension Scheme Trustee Limited) with up to nine Directors (three Member Nominated Directors (MNDs) and six Employer Nominated Directors). There are currently eight Directors. The Chairman is Independent. Trustee meetings are normally held four times per year, usually in London. The Plan Secretary is appointed by the Trustee Board and is the first and principal point of contact with the advisors in their relationship with the Trustee Board.

**Current Advisors**

The table below lists the Plan advisors.

|  |  |
| --- | --- |
| Current Advisors | |
| Plan Actuary | Barnett Waddingham |
| Plan Administrators | Barnett Waddingham |
| Plan Investment Advisors | Barnett Waddingham |
| Investment Managers | F&C, Standard Life |
| Plan Legal Advisors | DLA Piper |
| Auditors | Crowe Clark Whitehill |
| Annuities held | Clerical Medical |
| Insurers | Canada Life |
| Secretary | Bernadette Garvey Consulting |

**Membership Statistics**

The table below shows the breakdown of the membership. Three pensioners are paid via annuities with Clerical Medical, which have to be “topped-up” on an annual basis.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Membership Statistics as at 31 March 2014 | | | | |
| Category | Actives | Deferred | Pensioners | Total |
| Number | 5 | 83 | 44\* | 132 |

\*Including 3 annuitants

1. **The Services under Review**

The services being reviewed are actuarial, investment and administration. These services are currently provided on a “bundled” basis and the Trustee Board has agreed that this arrangement remains appropriate. As a “bundled service”, the Trustee Board expects there to be an internal flow of information/data between the actuarial, investment and administration teams.

Suppliers are encouraged to consider how they might introduce innovative approaches for management of the scheme e.g. new tools or approaches that you may have developed or have access to that may enhance the contract.

A summary of the services required is provided in **Appendix 1**.

1. **The Tender Process**

The tender process will be conducted as follows:

|  |  |
| --- | --- |
| Activity | Deadline |
| Tender advertised | 29 June 2015 |
| Deadline for tender queries 5pm | 23 July 2015 |
| Closing date for receipt of completed tenders (noon) | 31 July 2015 |
| Successful suppliers invited for interview | 08 September 2015 |
| Supplier interviews (to be held at Stoneleigh Park, Warwickshire) | 16 September 2015 |
| Shortlisted suppliers invited for final interview (to be held in London) | 24 September 2015 |
| Notification of tender outcome | 28 September 2015 |
| Contract commencement date | 01 January 2016 |

You are required to treat this process and the information contained therein in confidence.

Tenderers must submit the completed Tender documentation duly signed and dated, together with any other Tender related documentation. The tender submission must also include a USB stick containing all documents making up the tender submission.

Tenderers must also submit one hardcopy of all the above documentation using the address below. This document must carry original signatures. This hardcopy must be submitted in a plain unmarked envelope or package bearing **ONLY** that address.

You are advised to register your expression of interest in this opportunity at [procurement@ahdb.org.uk](mailto:procurement@ahdb.org.uk)

**Note:** Failure to submit a hardcopy submissions by the stipulated timeline will result in disqualification.

All questions relating to completion of the tender should be submitted in writing and sent by email for the attention of the Authorised Officer as outlined below. Please note that to ensure open/fair competition questions and answers will be circulated on an anonymous basis simultaneously to all applicants (who have expressed interest) except where the nature of a query or answer is deemed by the HGCA Pension Plan Trustee, in its reasonable opinion, to be confidential or proprietary to a particular Tenderer, in which case an anonymised summary of the response will be generally circulated insofar as it is practicable in the circumstances.

It is the Tenderer’s responsibility to ensure that all calculations and prices and other data in the Tender are correct at the time of submission. No amendment to the Tender documents will be allowed after the closing time for submission of Tenders.

All communication with HGCA Pension Plan must be in writing, carry the reference **2014-060** **AHDB / HGCA Pension Plan,** and be addressed to the Authorised Officer as outlined below.

The HGCA Pension Plan has appointed the following Authorised Officer at AHDB for the purpose of this Tender:

Judith Hemming

Agriculture and Horticulture Development Board

Stoneleigh Park

Kenilworth

Warwickshire

CV8 2TL

Email: [procurement@ahdb.org.uk](mailto:procurement@ahdb.org.uk)

All queries must be submitted on or before the relevant date specified in the Tender timetable above.

Please note that the closing time for the receipt of the completed tender is **noon on 31 July 2015.**

HGCA Pension Plan is not bound to accept the lowest priced Tender or any Tender, and reserves the right to call for additional Tenders should it consider this desirable. HGCA Pension Plan will in no case be responsible or liable for any costs incurred by Tenderers in the preparation, clarification or negotiation of their Tenders regardless of the outcome of the tendering process.

1. **Fees**

Fees should be quoted for the core activities and for project specific activities separately for years 1 to 6 as highlighted in **Appendix 1**. Tenderer’s should also provide fees for both the entrance and exit transition costs (each to cover a 3 month period), for any other costs not covered in Appendix 1 that you consider relevant, example project costs as requested and the hourly rate of key staff involved in each service. All costs should be exclusive of VAT and include travel and subsistence based on four meetings per year (to be held at a London location). A fixed cost should be quoted for each year for the core activities. Additional project work will be outside of this fixed cost and will be quoted for separately as and when required.

A pricing schedule is attached at **Appendix 2** and must be completed for all costs as part of the Tender submission.

1. **The Structure of your Response**

Tenders should supply a written response setting out answers to the questions highlighted in **Appendix 3**. The assessment will be split into three stages; 1) The Selection Criteria will assess any financial risk to the service and any grounds for exclusion, and is either a pass or fail. Tenders that fail will not be taken through to the next stage; 2) The Award Criteria will assess the capacity, capability, strength and depth of the organisation and key personnel, and is marked out of 100%. The top 4 Tenders will be invited to stage three; 3) The Interview will allow an opportunity for the Trustee Board to ask specific questions on the Tender. Tenderers will also be required to give a presentation as part of the interview, this stage will be scored out of a further 20%. Scores from stages 2 and 3 will be combined giving a final total out of 120%.

1. **Assessment Criteria**

Assessment of tenders will be based on the following three criteria:

|  |  |
| --- | --- |
| Assessment Criteria | Maximum score |
| Selection Criteria   * The organisation * Financial standing and assessment of risk * Mandatory grounds for exclusion * Discretional grounds for exclusion | Pass/Fail |
| Award Criteria   * Meeting the tender specification * Account management * People * The service * Quality control * Innovation * Cost | 25%  10%  15%  15%  10%  5%  20% |
| Interview  Presentation | 10%  10% |

Representatives from the HGCA Trustee Board have formed a panel to evaluate the tender responses. A weighting process has been applied, and the evaluation of Tenders will be based upon the methodology as per **Appendix 4.**

1. **Terms and Conditions of the Contract**

A final contract should include:

* No portion of this contract is eligible for sub-contracting without written agreement of the Trustee Board.
* You agree not to send any Plan data outside of the UK
* You are required to give nine months’ notice should you wish to terminate the contract.
* HGCA Pension Plan can terminate the contract with a maximum six months’ notice.
* Plan fees are paid for by AHDB.

Suppliers must submit a copy of their Terms and Conditions upon submission of the tender. Any contract awarded as a result of this tender will be subject to the agreement of Terms and Conditions of contract by both parties.

1. **Contract Period**

The contract period is for 6 years and 3 months with an option to review and extend this for a further 2 years subject to the notice periods above. The fixed fees quoted should only cover the core 6 years. The start date of the contract will be 1 January 2016, with the first three months (1 January to 31 March 2016) being dedicated to a transition period from the current supplier. A new supplier would take sole responsibility of the contract from 1 April 2016. The end date of the contract will be 31 March 2022, with the possibility to review and extend this to 31 March 2024 as stated above.

1. **Further Information**

Further information on the HGCA Pension Plan is available upon request and includes the following documents:

* The Fourth Definitive Trust Deed and Rules
* The latest Annual Report and Accounts
* The 2013 Valuation Report
* 31 March 2015 Actuarial Report
* The latest Summary Funding Statement
* The latest Statement of Investment Principles

To obtain this please email [procurement@ahdb.org.uk](mailto:procurement@ahdb.org.uk) and include ‘HGCA Pension Plan Tender’ in the subject header.

Appendix 1

**Summary of Services Required**



Appendix 2

**Pricing Schedule**



Appendix 3

**Tender Questions**



Appendix 4

**Assessment Methodology**

