

## **LGPS CENTRAL - STRAIGHT THROUGH PROCESSING**

LGPS Central, the £35 billion multi-asset investment pool created by eight Midlands based local government pension funds, is seeking to appoint a suitably qualified and experienced supplier to provide a global, multi-asset, integrated investment management platform that incorporates risk management with portfolio management, trading, compliance and operations. The system should be able to deliver “straight through processing”, thus enhancing the efficiency of the investment process and reducing the reliance on manual reconciliation.

### **A REQUIREMENTS**

#### **1. Portfolio Management**

Allow portfolio managers to:

- a. View real-time portfolio holdings and positions and to analyse various exposures across individual and multiple portfolios.
- b. Produce pre-trade analytics and model orders
- c. Model index changes and pro-forma benchmarks
- d. Rebalance the portfolio to the underlying benchmark
- e. Produce a range of reports utilising a flexible, integrated reporting tool
- f. Gain seamless access to analyst research where available

#### **2. Trading**

The platform should be capable of handling:

- a. A range of assets including equities, fixed interest, FX (Foreign Exchange) and derivatives
- b. The management of orders including both individual orders and programme trading
- c. Efficient submission of orders including the allocation of orders across multiple portfolios
- d. Trade execution including FIX (Financial Information Exchange) connectivity to brokers
- e. Direct Market Access (DMA), broker algorithms and crossing networks
- f. The ability to monitor trade progress and executions
- g. Management of cash across multiple currencies

#### **3. Operations**

It is envisaged that the system will have the functionality to manage the entire post-trade process including:

- a. Receipt and verification of electronic trade confirmations
- b. Matching of all trades in a variety of currencies

- c. Tracking of all trades to ensure that trades are settled in a timely manner
- d. Reconciliation of all holdings and currency balances
- e. Processing of corporate actions
- f. The ability to handle derivatives transactions including collateral and margin payments
- g. Providing connectivity to the appointed asset servicer and depository

#### **4. Compliance & Risk**

The system should offer:

- a. A choice of pre-loaded compliance rules and regulatory templates
- b. A selection of pre-trade compliance checks and notifications
- c. The ability to configure authorisation procedures and a clear process for override and approval
- d. Reporting for post trade compliance analysis
- e. Risk modelling and reporting e.g. Value at Risk (VaR) and tracking error

#### **5. Technology and Infrastructure**

The solution should offer:-

- a. The ability to securely access the system from 2 fixed office locations in Wolverhampton and Matlock.
- b. A mobile secure access option for named accounts that is not dependant on either of the above 2 physical locations

## **B EVALUATION CRITERIA**

### **Price (35%)**

1. Please provide a budget estimate with a full breakdown of the costs against the pricing schedule. This should include all initial and ongoing charges (set up and licences). (35%)

### **Quality (65%)**

1. Please detail your approach and methodology for delivery of the service together with a technical diagram of the required IT infrastructure and business continuity arrangements. Include which elements if any, where you will need to work with partner organisations to deliver this service and if so, how you will do this. (20%)
2. Please provide an implementation plan that shows the activities and timescales required to produce the deliverables by no later than 30 November 2017. This should include the support required, and when from LGPS Central staff. (25%)
3. Please provide details of the team and staff proposed to undertake the work along with their CVs and experience. (5%)
4. Please set out your experience of handling similar projects and explain how your platform will support LGPS Central in meeting FCA regulatory requirements and MiFID II trading and reporting requirements. (10%)
5. In relation to the following please explain whether you could provide support, and if so, how you would deliver this:- (5%)

5.1 Project management

5.2 Change management

Officers from LGPS Central will score the responses on the following basis:-

### ***Pricing Evaluation***

Pricing evaluation will be calculated on the following basis:

- the lowest bid will be scored 100% of the Weighting (stated on the e-tendering System).
- Other prices will be scored pro-rata as below.

$$\frac{\text{Lowest Price}}{\text{Your Price}} \times \text{Price Weighting}$$

### **Quality Evaluation**

Each question will be scored out of 5 (see criteria and scoring in the table below) with the weighting applied to the score for each answer.

<b>Standard of Response</b>	<b>Score</b>
Exceptional standard of response supported by robust evidence, with detailed plans and methodologies.  Demonstrates clearly and convincingly how all LGPS Central's requirements will be delivered in accordance with the contract documents so as to deliver the works/services in an excellent way	5
Very good standard of response supported by a very good level of credible and detailed evidence, with detailed plans and methodologies.  Demonstrates how all LGPS Central's requirements will be delivered in accordance with the contract documents so as to deliver the works/services very well	4
Good standard of response supported by a good level of comprehensive evidence showing full understanding of the requirements with plans and methodologies.  Gives LGPS Central confidence that the requirements of the Specification will be met.	3
Basic response that achieves reasonable standards in most respects but unsatisfactory in others and/or has a number of omissions.  Gives LGPS Central concerns around the Bidder's ability to meet some of the Specification requirements.	2
Inadequate response that is unsatisfactory and/or has significant omissions.  Gives the Council many concerns about the Bidder's ability to provide the services in accordance with the requirements of the Specification.	1
Very poor response. Insufficient information provided.  Gives LGPS Central very low confidence/serious concerns in the Bidder's ability to provide the services in accordance with the Specification.	0

**If a response to a quality question is scored 0 then it may be deemed that the tender submission as a whole is not acceptable.**

The below table shows how these quality scores equate to the weighted percentage:

Question	Allocation	Score					
		0	1	2	3	4	5
Q.1	20%	0%	4%	8%	12%	16%	20%
Q.2	25%	0%	5%	10%	15%	20%	25%
Q.3	5%	0%	1%	2%	3%	4%	5%
Q.4	10%	0%	2%	4%	6%	8%	10%
Q.5	5%	0%	1%	2%	3%	4%	5%

### Queries

It is your responsibility to satisfy yourselves about the requirements of this tender. Should you have any queries, they should be raised via the e-tendering portal.

We will endeavour to answer any query promptly however you should submit your queries at the earliest possible opportunity, and no later than 06/04/2017. We will not guarantee a response to queries raised after this date.

### Interviews

Following submitting your tender you may be asked to attend an interview to clarify your tender. No new information will be accepted or considered during this interview.

The outcome of this interview may result in the scores being adjusted down but not up.

### Notes

1. LGPS Central is a collaboration of 8 LGPS pension funds with combined assets of £35 billion as at 31 March 2015
  - Cheshire Pension Fund
  - Derbyshire Pension Fund
  - Leicestershire Pension Fund
  - Nottinghamshire Pension Fund
  - Shropshire Pension Fund
  - Staffordshire Pension Fund
  - West Midlands Pension Fund (including the West Midlands Integrated Transport Authority Pension Fund)
  - Worcestershire Pension Fund

2. LGPS Central has already commissioned and received legal advice from Eversheds. To avoid duplication the lead provider is required to utilise previous advice and commission all further necessary legal/tax/investment/operations advice, to meet the requirement of the specification.
3. LGPS Central has undertaken extensive work to collate individual funds costs, mandates, asset allocations, which can be utilised by the successful bidder.

#### **Timetable**

Invitation to tender issued	27 March 2017
Last date for enquiries/clarifications:	6 April 2017
Deadline for tender submission:	20 April 2017
Tender evaluation and scoring:	21 April to 28 April 2017
Contract Award	2 May 2017
Contract start date	1 June 2017
Implementation Completion Date:	30 November 2017

#### **Proposal**

Please submit your proposals via the e-tendering portal by for this work by 12 noon 20 April 2017.