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| The London Pensions Fund Authority (**LPFA**) |
| TENDER FOR:  Actuarial, Benefits and Governance Consultancy Services in Support of the Local Government Pension Scheme to London Pensions Fund Authority (the “**Actuarial Services**”) |
| PROCUREMENT TYPE: ‘Open Procedure’ |
| TENDER RETURN DATE AND TIME (**Submission Deadline**): **16:00 GMT 9 January 2019** |

**DISCLAIMER**

While the information contained in this Invitation to Tender (ITT) is believed to be correct at the time of issue, neither LPFA nor any of its advisors will accept any liability for its accuracy, adequacy or completeness, nor will any express or implied warranty be given. This exclusion extends to liability in relation to any statement, opinion or conclusion contained in or any omission from, this ITT (including its schedules) and in respect of any other written or oral communication transmitted (or otherwise made available) to any Tenderer. This exclusion does not extend to any fraudulent misrepresentation made by or on behalf of LPFA.

Neither the issue of this ITT, nor any of the information presented in it, should be regarded as a commitment or representation on the part of the LPFA (or any other person) to enter into a contractual arrangement.

1. **BACKGROUND INFORMATION**

The Local Government Pension Scheme (**LGPS**) is a national scheme administered on a local basis by administering authorities such as The London Pensions Fund Authority (**LPFA**), providing current and future benefits for 83,481 scheme members as at 31 December 2017.

The LGPS is governed by the Superannuation Act 1972 and the Public Services Pensions Act 2013.  The LGPS is administered in accordance with the following secondary legislation:

* the LGPS Regulations 2013 (as amended);
* the LGPS (Transitional Provisions, Savings and Amendment) regulations 2014 (as amended);
* the Occupational and Personal Pension Scheme (Administration) Regulations 2008;
* the LGPS (Management and Investment of Funds) Regulations 2016;
* the Public Services Pensions (Information about Benefits) Directions 2014 (with effect from 1/4/15).

LPFA was established as a stand-alone public body on 31 October 1989, when all functions, property, rights and liabilities of the London Residuary Body in relation to the Greater London Council’s Superannuation Fund were transferred to LPFA.

Since then LPFA has developed into an active direct investor and being recognised as a thought leader in reforming the LGPS.

LPFA is the largest Local Government Pension provider fund in London and administers its own pension fund (the “**Fund**”) providing LGPS benefits to employees and pensioners working for non-for-profit, charity, private sector and local government employers many of whom worked for the Greater London Council and the Inner London Education Authority. Further information about LPFA is available on the Fund’s website at [www.lpfa.org.uk](http://www.lpfa.org.uk).

As at the 31st March 2016 Triennial valuation, there were 141 employer organisations in the Fund, (including LPFA), with 70 scheduled employers (including 6 academies) and 71 admitted bodies.  Membership numbers as at 31st March 2016 were:

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| Active members | 16,483 |
| Pensioner members | 33,788 |
| Deferred members | 28,903 |
| Total membership | 79,174 |

Benefits are funded by contributions and investment earnings.  Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay.  Employer contributions are set based on triennial actuarial valuation results.  The last valuation was as at 31st March 2016, and employer contribution rates were set ranging from 0% to 47% of pensionable pay and allowing for employer specific circumstances in line with the 2016 Funding Strategy Statement. The majority of employers also pay annualised cash sums in respect of the recovery of their pension deficit. Employers are categorised via covenant grades ranging from A-C. Employers in category A are the most secure in the Fund and typically consist of councils or bodies with levy raising powers. Employers in category C are the least secure and typically consist of small admitted bodies such as charities who have not established security against their liabilities.

The value of the Fund assets at 31st March 2016 was £4.5bn and has grown to £5.7bn since then (30th June 2018). The assets managed are subject to a Strategic Asset Allocation benchmark which is set by LPFA’s Board.  The actual allocation of Fund assets at any given point in time reflects the decisions of the Fund’s investment manager and the movement of financial markets.

Enclosed with this ITT is a copy of the latest Report and Accounts of LPFA (Annex 1), the latest Triennial Valuation Report (Annex 2), the current Investment Strategy Statement (Annex 3) and Funding Strategy Statement (Annex 4).

LPFA launched an Asset and Liability Partnership with Lancashire County Pension Fund in April 2016 and have pooled their respective fund assets through their investment manager, Local Pensions Partnership Investments Ltd (“**LPP I**”). The sovereignty of the two individual funds remains with respect to the procurement of certain services, including the Actuarial Services which LPFA is now seeking to appoint a Fund Actuary for pursuant to this ITT.

LPP Group provides pension administration, investment management, employer risk and asset & liability risk management activities for LPFA; a key requirement for the successful Tenderer will therefore be the ability to work effectively with LPP Group, as well as providing enough information to LPFA to ensure that it fulfils its statutory duties as an administering authority within the LGPS.

1. **INFORMATION ON THE ITT**
   1. Contents of the ITT

This ITT compromises:

1. Sections 2 to 5 inclusive;
2. Service Specification (Schedule 1);
3. Quality/Service Questionnaire (Appendix 1);
4. Pricing Template (Appendix 2);
5. Tenderer Terms and Conditions (Appendix 3).

In addition, LPFA has provided Report and Accounts, Triennial Valuation Report, Investment Strategy Statement and Funding Strategy Statement in Annex 1 to 4 respectively.

Tenderers are advised not to rely on communications from LPFA in respect of the Actuarial Services or ITT unless they are made in accordance with these instructions.

* 1. Purpose and Scope of the ITT

This ITT:

 sets out the Tender terms and requests Tenderers to submit their Tenders in accordance with the instructions set out in the remainder of this ITT;

1. sets out the overall timetable and process for the procurement to Tenders;
2. sets out the Award Criteria and the Evaluation Model that will be used to evaluate the Tenders; and
3. provides Tenderers with sufficient information to enable them to submit a compliant Tender.
   1. Rights of the LPFA

Without prejudice to any other right set out in this ITT, LPFA reserves the following rights:

1. waive or change the requirements of this ITT from time to time without prior (or any) notice being given by the LPFA;
2. seek clarification or documents in respect of a Tenderer’s submission;
3. disqualify any Tenderer that does not submit a compliant Tender in accordance with the instructions in this ITT;
4. disqualify any Tenderer that is guilty of serious misrepresentation in relation to its Tender or the procurement process;
5. disqualify any Tenderer that is in breach of confidentiality obligations set out in Section 2.4;
6. withdraw this ITT at any time, or to re-invite Tenders on the same or any alternative basis;
7. choose not to issue a Contract Award as a result of the current procurement process; and
8. make whatever changes it sees fit to the timetable, structure or content of the procurement process, depending on approvals processes or for any other reason.
   1. Confidentiality & Non-Disclosure
      1. Subject to clause 2.4.2, each party shall use all reasonable endeavours to prevent disclosure, other than to its affiliates, to any person, firm or professional representative whatsoever of any information of a confidential nature relating to the business (including the terms of the ITT), investments, finances or other matters of a confidential nature of the other which may come into its possession, including (but not limited to) in the course of communications under the ITT.
      2. The confidentiality and non-disclosure obligations under Section 2.4.1 do not apply:
         * 1. where the party in receipt of such information has the consent of the other party to make the disclosure; or
           2. where it reasonably considers it appropriate to make such disclosure to the Financial Conducts Authority, the Information Commissioner or any other regulatory body or authority or by any equivalent jurisdiction; or
           3. where disclosure is made to insurers, auditors or legal or tax advisers where necessary; or
           4. where such information has otherwise come into the public domain.
9. **TIMETABLE/KEY DATES**

This ITT will follow a clear, structured and transparent process to ensure a fair and level playing field is maintained at all times, and that all Tenderers are treated equally. The key dates for the procurement timetable are currently anticipated to be as follows:

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| **EVENT** | **DATE** |
| Publication of ITT | 23 November 2018 |
| Clarifications Deadline | 29 November 2018 16:00hrs GMT |
| Responses to Clarifications Deadline | 6 December 2018 16:00hrs GMT |
| Submissions Deadline | 9 January 2019 16:00hrs GMT |
| Evaluation Period | 10 - 18 January 2019 |
| Presentations (at LPFA’s discretion) | 22 – 23 January 2019 |
| Contract Award Notice & Commencement of Standstill Period | 25 January 2019 |
| Contract Award | Earliest date after Standstill Period |
| Service Commencement Date | 1 April 2019 |

* 1. Clarifications about the Actuarial Services or ITT

Interested parties wishing to submit a Tender may submit clarifications to Stuart Brown via email ([stuart.brown@localpensionspartnership.org.uk](mailto:stuart.brown@localpensionspartnership.org.uk))

 LPFA will respond to all reasonable clarifications as soon as possible through publishing the Tenderers’ questions and LPFA response to them (via a Question and Answer Log) on Contracts Finder. Tenderers will be provided with information that appears on OJEU / TED and also Contracts Finder. If a Tenderer wishes LPFA to treat a clarification as confidential and not issue the response to all Tenderers, it must state this when submitting the clarification. If, in the opinion of LPFA, the clarification is not confidential, LPFA will inform the Tenderer and it will have an opportunity to withdraw it. If the clarification is not withdrawn, the response will be issued to all Tenderers.

* 1. Clarifications about the contents of the Tender

LPFA reserves the right to seek clarification of any aspect of a Tender during the evaluation phase where necessary for the purposes of carrying out a fair evaluation. Tenderers are asked to respond to such requests promptly. Vague or ambiguous answers are likely to score poorly or render the Tender non-compliant.

* 1. Submission Deadline

**Tenders shall be submitted to** [stuart.brown@localpensionspartnership.org.uk](mailto:stuart.brown@localpensionspartnership.org.uk) **before 16:00hrs GMT on 9th January 2018.**.

**Any Tender received after the Submission Deadline shall not be opened or considered**. LPFA may, however, in its own absolute discretion extend such deadline and in such circumstances LPFA will notify all Tenderers of any change.

* 1. Contract Award

The LPFA may award the contract for Actuarial Services on the basis of a Tender submitted in accordance with this ITT.

The Contract Award will be for a total period of 7 years, with an initial term of 6 years, followed by an extension of 1 year at the discretion of LPFA.

Once the LPFA has reached a decision in respect of a Contract Award, it will notify all Tenderers of that decision and provide for a Standstill Period (of ten calendar days) in accordance with the Public Contracts Regulations (PCR) 2015.

The LPFA will inform all unsuccessful Tenderers of the identity and overall score the successful Tender as compared with the addressee’s Tender.

A Contract Award is subject to the formal approval process of the LPFA. Until all necessary approvals are obtained and the Standstill Period completed, no contractual arrangements will be entered into.

1. **TENDER REQUIREMENTS** 
   1. Submission of Tenders

Each Tenderer must submit one Tender that operates as a standalone bid and is not be dependent on any other Tender or any other factors external to the Tender itself. That is, each Tender must be capable of being accepted by the LPFA in its own right.

The following requirements must be adhered to when submitting Tenders:

1. the pages of the Tender documents must be numbered sequentially as “Page [x] of [xx]” and include the date and title of the document on each page of the main body;
2. any additional pre-existing material which is necessary to support the Tender should be included as schedules with cross-references to this material in the main body of the Tender. Cross-references to this ITT should also be included in the Tender whenever this is relevant;
3. where documents are embedded within other documents, Tenderers must send separate copies of the embedded documents;
4. the Tender must be in English and drafted in accordance with the drafting guidance set out in this ITT;
5. the Tender must be uniquely named or referenced;
6. Tenderers are requested to supply two references, to include existing clients with similar requirements. References will be used to verify the technical proposals put forward in the Tender and will not be scored.LPFA will not seek references without the consent of the tendering party; and
7. where the Tenderer is a company, the Tender must be signed by a duly authorised representative of that company. In the case of a partnership, all the partners should sign or, alternatively, one only may sign, in which case he must have and should state that he has authority to sign on behalf of the other partner(s). The names of all the partners should be given in full together with the trading name of the partnership. In the case of a sole trader, s/he should sign and give his/her name in full together with the name under which s/he is trading.

Tenders will be evaluated according to the Evaluation Criteria, as further outlined in this section of the ITT.

* 1. Contract Terms & Conditions

Tenderers must submit proposed draft terms and conditions governing the provision of the Actuarial Services into Appendix 3 of the ITT. By submitting a Tender, Tenderers are agreeing to be bound by the terms of this ITT and the proposed Tenderer Terms and Conditions as set out in Appendix 3.

The following documents shall form part of the Contract between the LPFA and the Service Provider:

1. General Terms and Conditions;
2. Specification (Services);
3. Response Quality/Service Questionnaire (Service Levels); and
4. Pricing Model.
   1. Tenderer Conduct and Conflicts of Interest

Any attempt by Tenderers or their advisors to influence the Contract Award process in any way may result in the Tenderer being disqualified. Specifically, Tenderers shall not directly or indirectly at any time:

1. devise or amend the content of their Tender in accordance with any agreement or arrangement with any other person, other than in good faith with a person who is a proposed partner, supplier, consortium member or provider of finance;
2. enter into any agreement or arrangement with any other person as to the form or content of any other Tender or offer to pay any sum of money or valuable consideration to any person to effect changes to the form or content of any other Tender;
3. enter into any agreement or arrangement with any other person that has the effect of prohibiting or excluding that person from submitting a Tender;
4. canvass LPFA or any employees or agents of LPFA in relation to this procurement;
5. attempt to obtain information from any of the employees or agents of LPFA or their advisors concerning another Tenderer or Tender.

Tenderers are responsible for ensuring that no conflicts of interest exist between the Tenderer and its advisers, and the LPFA and its advisors. Any Tenderer who fails to comply with this requirement may be disqualified from the procurement at the discretion of the LPFA.

* 1. Costs

LPFA will not be liable for any bid costs, expenditure, work or effort incurred by a Tenderer in proceeding with or participating in the ITT, including if the procurement process is terminated or amended by the LPFA. Any Tender costs, expenditure, or any other expense incurred by a Tenderer regarding the ITTT will be covered by the Tenderer.

1. **TENDER EVALUATION MODEL & PROCESS**
   1. Evaluation Overview

All Tenders will be reviewed by LPFA’s evaluation panel, scored and subsequently any Contract Award which is made as a result of this procurement will be on the basis of the offer that is the most economically advantageous (“**MEAT**”) to LPFA.

* 1. Evaluation Procedure
     1. The Tender evaluation procedure is divided into the following key stages, which LPFA may run concurrently:

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| **EVALUATION STAGES** | **PROCEDURE** |
| **Compliance / Validation** | LPFA will conduct quality assurance of the Tenders to confirm compliance with ITT requirements. |
| **Quality / Service Evaluation** | Evaluation Panel will assess the Quality/Service Questionnaire in accordance with Section 5.4 |
| **Price Evaluation** | LPFA will evaluate the Price element of the Tender in accordance with the Section 5.5. |
| **Optional Presentations** | LPFA may request Tenderers to deliver a presentation to representatives of the LPFA in support of their Tenders. This will not form part of the Tender Evaluation. |
| **Final Score** | The Quality/Service score will be added to the Price score to determine the “**Final Score**” for each Tender in accordance with Section 5.6 |

* + 1. An independent evaluation process takes place whereby each evaluator will separately (i.e. without conferring with other evaluators) scrutinise the answers given in the Tender. Each evaluator will then allocate a mark for the answer in accordance with the marking scheme (as set out in Section 5.4) applicable to that question.
    2. Once all individual evaluators have scored the Tenders, a group consensus marking meeting takes place whereby evaluators discuss their independent marks until they reach a consensus regarding the marks that should be attributed to each Tenderers’ answer to the questions to provide the final ‘Quality/Service Score’.
    3. Tenderers must achieve the Minimum Quality Score, as described, for each of the questions below. Only those Tenderers responses which achieve the Minimum Quality Score for all questions be included in the Price evaluation process.
  1. Evaluation Criteria

The Evaluation Criteria for the Contract Award are as follows:

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| --- | --- | --- |
| **Evaluation Criteria** | **Maximum Available Score** | **Weighting (%)** |
| Quality/Service | **80** | 80 |
| Pricing | **100** | 20 |
|  | | **TOTAL**  100 |

* 1. Scoring Quality/Service Questionnaire
     1. Each response to questions within the Quality/Service Questionnaire will be marked in accordance with the table below:

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| **Mark** | **Comment** |
| 0 | Failed to provide confidence that the proposal will meet the requirements. An unacceptable response with serious reservations. |
| 20 | A Poor response with reservations. The response lacks convincing detail with risk that the proposal will not be successful in meeting all the requirements. |
| 40 | Meets the requirements – the response generally meets the requirements but lacks sufficient detail to warrant a higher mark. |
| 60 | A Good response that meets the requirements with good supporting evidence. Demonstrates good understanding. |
| 80 | An Excellent comprehensive response that meets the requirements. Indicates an excellent response with detailed supporting evidence and no weaknesses resulting in a high level of confidence. |

* + 1. Each mark achieved will be multiplied by the corresponding weighting to provide an overall question score.
    2. Tenderers must answer all questions in the Quality/Service Questions, clearly demonstrating how they propose to meet the requirements set out in the question and address each element in the order they are detailed. They should refrain from making generalised statements and providing information not relevant to the topic.

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| **QUALITY / SERVICE QUESTIONNAIRE** | | | **Weighting** | |
| **All Tenderers MUST answer ALL the following questions** | | | | |
| **Question Number** | **Question** | **Minimum Quality Score** | **Maximum Available Score** | **Weighting** |
| 1 – 8 | As described in the Quality/Service Questionnaire | 40 for each question | 80 for each question | 20% |
| 9 – 16 | As described in the Quality/Service Questionnaire | 40 for each question | 80 for each question | 80% |

* 1. Pricing Score
     1. Tenderers’ are required to price the tender using the Pricing Template in Appendix 2. In so doing, Tenderers are also confirming that prices offered exclusive of VAT and firm for a period of 90 days following the Submission Deadline.
     2. The Tender with the lowest price shall be awarded the Maximum Score available.
     3. The remaining Potential Providers shall be awarded a percentage of the Maximum Score Available equal to their price, relative to the lowest price submitted. The calculation used is the following:

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| Lowest Price Tendered x  Tender Price | Maximum Score Available |
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| **Potential Provider** | **Price Submitted** | **Score Calculation** | **Maximum Score Available** | **Score Awarded** |
| Potential Provider A | £1,000 | £1,000 / £1,000 x 100 | 100 | 100 |
| Potential Provider B | £2,000 | £1,000 / £2,000 x 100 | 100 | 50 |
| Potential Provider C | £2,500 | £1,000 / £2,500 x 100 | 100 | 40 |

* 1. Final Score
     1. The Quality/Service Score will be added to the Price Score to determine the final score for each Potential Provider (“**Final Score**”).
     2. Where multiple Tenders receive the same Final Score, the wining Tender will be the one with the highest score for the Quality/Service element.
     3. In the event the winning Tenderer declines to accept the Contract Award, it will be made to the next ranked Tender, and so on until it has been accepted.
     4. Acceptance of the Contract Award (subject to satisfying conditions successfully) is formalised through signatures by the LPFA and the successful Tenderer.

SCHEDULE 1 - SERVICE SPECIFICATION

LPFA’s employer make-up is somewhat different to other LGPS funds with liabilities and assets spread across a wider range of smaller employers than may be expected in a typical pension fund, as well as there being significant historical liabilities relating to the former Greater London Council and Inner London Education Authority. These historic liabilities impact on the overall membership profile of the Fund; with a significant proportion of the membership no longer active nor paying contributions into the Fund. The Service Provider will therefore need to understand the cashflow, investment and employer risk issues that the Fund faces and how these are taken account of when finalising, for instance, the Funding and Investment Strategy Statements as well as the potential impact on future employer contribution rates when carrying out the actuarial valuation of the Fund. LPFA has a policy of implementing differential discount rates for employers based on covenant strength.

Actuarial Services include but are not limited to the following:

* Completion of the triennial actuarial valuation and associated tasks in accordance with current LGPS governing regulations (including preparation of valuation positions for each participating employer);
* Funding Strategy Statement preparation and associated advice;
* Provision of support to LPFA (either directly or via LPP Group) on employer covenant approach in line with LPFA’s Funding Strategy Statement;
* Software support to assist LPFA (either directly or via LPP Group) in production of individual employer level valuation results including modelling of these to support employer valuation meetings;
* Actuarial support in dealing with changes in LGPS regulations;
* Actuarial support in setting Fund strategy and policy;
* Advice on admission agreements;
* Actuarial advice to new or existing participating employers;
* Calculation of opening actuarial positions for new participating employers and provision of appropriate employer contribution rate and level of bond or guarantee at date of commencement;
* Preparation of pensions information on behalf of participating employers for inclusion in tender documentation when letting services that includes the transfer of staff who are members of the LGPS;
* Attendance at meetings as required by stakeholders;
* Support for and supply of scheme communication, advice and training for all associated stakeholders as required including but not limited to scheme members, pension boards, committees and employers;
* Annual and ad hoc accounting valuations of pension liabilities (in accordance with relevant accounting standards in force) including the calculation of opening positions for new employers;
* Providing responses to auditors of administering authorities and participating employers in respect of the financial reporting of pensions;
* Completion of appropriate cessation valuation should a participating employer leave the Fund or close to future accrual and provide updated cessation valuation estimates as required;
* Actuarial advice in connection with employer consolidations including but not limited to employer mergers;
* Inter-valuation funding updates at Fund or individual employer level as required, including provision of support in the form of software or otherwise to LPFA (either directly or via LPP Group);
* Other miscellaneous advice including but not limited to individual member calculations, bulk transfer negotiations and associated calculations, ad hoc modelling and actuarial advice; and
* Transfer of information and data to LPFA to enable complete and timely internal reporting, reporting to LPFA’s Board.