

**INVITATION TO TENDER**

for the provision of

**‘Investment Fund Administration, Trustee and Depositary Services’**

on behalf of

**Local Pensions Partnership Investments Ltd (LPP I)**

27 June 2018

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**PLEASE READ THIS DOCUMENT VERY CAREFULLY AS AN INCOMPLETE UNDERSTANDING MAY RESULT IN YOU MAKING AN INVALID TENDER**

Date 27 June 2018

Re: Invitation to tender for the provision of ‘Investment Fund Administration, Trustee and Depositary Services’ to Local Pensions Partnership Investments Ltd (LPP I).

**Introduction**

LPP I is inviting tenders for the provision of ‘Investment Fund Administration, Trustee and Depositary Services’ for a Real Estate Fund which it will manage on behalf of its clients. LPP I wishes to establish a panel of specialist service providers, which it can approach to provide fund accounting, fund administration, transfer agency, trustee and depositary services for the Real Estate Fund and preferably other fund structures (holding both liquid and illiquid assets) which LPP I manages / operates on behalf of its clients. This has been set out on pages 6 and 7 in more detail. Each supplier has the opportunity to bid to provide services for one or all of the services required. Please note, suppliers will not be at any disadvantage if they decide to bid on only one Lot. Equally, suppliers will not be at any disadvantage if they decide to bid on more than one Lot or bid on all Lots. LPP I will, as a direct result of this ITT, award selected suppliers with a place on the panel and provide the appropriate legal documentation to reflect this.

The tender submission deadline is 18:00hrs GMT on **27 July 2018**. Tenders shall be in English.

Tenderers may submit questions, in writing, at any time up to **11 July 2018**. All queries and LPP I responses will be put in writing and circulated by email to all those tendering for transparency and fairness.

If it is necessary to extend the period during which the tender remains open, LPP I will communicate this to tendering organisations.

**Evaluation criteria**

Tenders will be evaluated on overall **quality** and **experience** using the specific requirements set out in **Schedule 3**.

**Other points to note:**

* LPP I will only evaluate tenders received by the time and date given for return of tenders.
* LPP I will, as a direct result of this ITT, award selected suppliers with a place on the panel and provide the appropriate legal documentation to reflect this. Suppliers are informed that any legal documentation presented by LPP I must be accepted and is non-negotiable. Only factual corrections will be made.

* Once the panel is in place, LPP I will conduct a mini-competition exercise between suppliers on Lots, whenever it requires the services within the scope of that Lot. All those suppliers within the relevant Lot will be invited to bid, and no others. Each mini-competition exercise will be awarded based on most economically advantageous tender ("MEAT") criteria which will include cost as well as other aspects. LPP I expects to have no fewer than three suppliers on each Lot and no more than six.
* LPP I will not consider any claim made by a service provider who has been awarded work as a result of being appointed to the panel.
* LPP I shall provide no undertaking to accept all or any part of the tender and reserves the right to obtain its total requirements from one or more tenderers. Further, notwithstanding that each tenderer is required to meet certain criteria (as detailed in this ITT) LPP I may accept or reject, solely at its own discretion, any tender whether or not such tender meets the said criteria.
* LPP I will notify each tenderer of the award, or non-award, of the contract which confirms the suppliers’ place on the panel.
* Should a decision be taken to proceed with the services described in this ITT, the contract will commence at a date to be determined by LPP I, but within 9 (nine) months of the tender submission deadline. During this period tenders shall remain open for acceptance.
* LPP I does not bind itself to the lowest tender and is not obliged to accept any of the tenders. LPP I has the right not to appoint and to withdraw from all or part of this process at any time**.**

LPP I looks forward to receiving your tender proposal.

Chris Rule

**CIO and MD investments**

**SCHEDULE 1**   
COMPLETING AND RETURNING THE TENDER

If your organisation decides to submit a tender response, it must be done in accordance with this ITT document. Please ensure that this document is read carefully and that responses are made fully to the questions and/or issues raised; that all parts of the tender are completed and that all information requested is provided.

LPP I believes that the information contained in this document is sufficient for the tenderer to submit a tender. If tendering organisations feel that the information is inadequate or insufficient or incorrect in any way or if you have any queries concerning this invitation to tender or require any further clarification please put your request in writing.

A **Tender Requirements Checklist** is included in **Appendix 1** listing the main questions and other documentation that is required. However, this is only a guide and tenderers must still ensure they have read and fully understood all parts of this ITT.

The tender package shall be delivered to LPP I **before** **midday** (1800hrs GMT) on **27 July 2018** and should consist of the following:

|  |  |
| --- | --- |
| **Requirement** | **Number of copies** |
| Electronic copy of the tender submitted | 1 |
| Literature and additional information | 1 |

No tender shall be opened before the date and time set for opening of tenders. All information in tenders will be kept confidential and will only be shown to those persons who have a right to see it.

Late tenders will not be considered as part of the tender assessment and will remain unopened. Incomplete tenders will not be considered. Queries relating to this ITT should be directed to Stuart Brown (Procurement Specialist) at stuart.brown@localpensionspartnership.org.uk

**SCHEDULE 2**   
BACKGROUND INFORMATION TO THE TENDER

* 1. **INTRODUCTION**

LPP I is inviting tenders for the provision of ‘Investment Fund Administration, Trustee and Depositary Services’ for a Real Estate Fund which it will manage on behalf of its clients. LPP I wishes to establish a panel of specialist service providers, which it can approach to provide fund accounting, fund administration, transfer agency, trustee and depositary services for the Real Estate Fund and preferably other fund structures (holding both liquid and illiquid assets) which LPP I manages / operates on behalf of its clients.

If LPP I is satisfied that its requirements can be met, a contract will be awarded for 4 years with a further option to extend for an additional year, at which point the service will be reviewed.

* 1. **OVERVIEW**

LPP I runs separate funds for each asset class in which its clients are invested. LPP I currently has three principle clients, Lancashire County Pension Fund, London Pensions Fund Authority and The Royal County of Berkshire Pension Fund. LPP I also manages the GLIL Infrastructure Fund; a joint venture with three other local government pension schemes. The number of funds managed and the number of clients is likely to grow in the future.

As mentioned, LPP I wishes to establish a panel of specialist service providers, which it can approach to provide fund accounting, fund administration, transfer agency, trustee and depositary services to its funds. Recognising that specialist service providers may not all provide all of the services, the panel has been split into four Lots. Bidders may bid on some or all of the Lots.

The initial requirement is likely to be to provide services to the Real Estate funds managed by LPP I. Tender requests to provide specialist services to other funds managed by LPP I are likely to follow, either on establishment or as part of routine market and service level testing.

With Real Estate, unusually it is expected that significant assets will remain as segregated accounts on the client balance sheets. They are likely to be structured as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  | **LCPF** | **LPFA** | **LPP EUUT (or similar)** | |
|  | **Seg Acc** | **Seg Acc** | **UK Unit Class** | **Ex-UK Unit Class** |
|  |  |  |  |  |
| **Approx Size at launch** | **£600m** | **£250m** | **£100m** | **£300m** |
| **Type of investments** | **Direct UK property** | **Direct UK property** | **Direct and Indirect UK property** | **Indirect ex-UK property** |

Over time, the LPP I fund is expected to grow and the segregated accounts run down.  Funds from property disposals in the segregated accounts, if reinvested, will be reinvested in the LPP I fund.

**1.3 SCOPE OF THE SERVICES REQUIRED**

LPP I is seeking to establish a Fund Administration Services Panel of specialist service providers.

Bidders may elect to be on all or any of the four Lots comprising the panel:

Lot A Fund accounting and administration services

Lot B Transfer agency services

Lot C Trustee services

Lot D Depositary services

A brief specification of the services covered by each Lot is presented below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **LPP I Fund Administration Services Panel** | | | | |
|  |  |  |  |  |
| **A** | **Fund Accounting and Administration Services including:** | | | |
|  |  |  |  |  |
|  |  | Statutory annual financial statement/reporting for year end with IFRS/GAAP standards  Preparation of detailed management accounts | | |
|  |  | Oversight and coordination of annual audit | | |
|  |  | Unit pricing  Calculation of management and performance fees | |  |
|  |  | Quarterly reporting (local and base currency)  NAV Reporting pack including NAV, Cash, and  Rent Calculations, Valuations, Reconciliations and any other relevant asset analysis. | |  |
|  |  | Performance reporting by fund and by client | | |
|  |  | Call and Distribution notices  Transaction reports  Income forecasts  Bookkeeping | |  |
|  |  | Accounting for acquisitions and disposals | | |
|  |  | Treasury |  |  |
|  |  | VAT reporting | |  |
|  |  | CIS reporting | |  |
|  |  |  |  |  |
| **B** | **Transfer Agency Services including:** | | |  |
|  |  |  |  |  |
|  |  | Register administration | | |
|  |  | Quarterly unit statements | | |
|  |  | Investor queries | |  |
|  |  | Investor due diligence  LP/GP Statements  Commitment rations | | |
|  |  |  |  |  |
| **C** | **Trustee Services including:** | |  |  |
|  |  |  |  |  |
|  |  | Safekeeping of assets | | |
|  |  | Issue/Cancel units | |  |
|  |  | Fiduciary oversight | |  |
|  |  | Opening and closing bank accounts | | |
|  |  |  |  |  |
| **D** | **Depositary Services including:** | |  |  |
|  |  |  |  |  |
|  |  | Cash monitoring | |  |
|  |  | Verification and safe guarding of assets | | |
|  |  | Fund oversight to include but not limited to pricing, dealing and portfolio valuation | |  |

**SCHEDULE 3**

SPECIFIC TENDER REQUIREMENTS

Tendering organisations should read this section very carefully as it includes specific details of LPP I’s expectations regarding the services sought, including questions that need to be answered in all tender submissions.

* 1. **EXPECTATIONS OF SERVICE PROVIDERS**

LPP I will make its decision based on the overall quality of the services tendered. In terms of specific criteria, LPP I is looking for the following:

* Quality and Experience in the Sector as outlined in Section 1.4 below.
  1. **ABOUT YOUR ORGANISATION**

In responding to this section of the tender please be as concise as possible. Unless specifically asked for, if you are including supporting documents (e.g. company policies) please ensure that you reference specific sections that are relevant to this tender and/or the point you are trying to highlight.

Please provide summary details of the team or department that provides the services at your organisation. Provide all information that you deem to be relevant, including the following:

* Size of team; Individual roles / job titles; Years of relevant experience; Specific areas of expertise within the team
* Organisation chart(s) setting out: a) the structure of the relevant team/department, and b) the overall structure of the organisation (i.e. including executive management, board members, advisers, parent company etc.)
* The number of clients that you provide similar services to
* The length of time your organisation has been providing these services
* Your client servicing and support arrangements
* Details of any relevant memberships e.g. ISO9000/1/14001/27001.
  1. **TENDER CONTRACT**

If LPP I is satisfied that its requirements can be met, a contract to be included on the panel will be awarded for four years, at which point the service will be reviewed and possibly extended for additional one year. Please note, although the contract is for an initial four-year period, LPP I would need the ability to exit the arrangement at any point, giving three months’ notice.

Suppliers have the option of entering a bid for one or all Lots.

* 1. **TENDER EVALUATION**

The tender proposal will be evaluated against the criteria set out below. The selection panel for the valuation services comprises as a minimum;

* Investment Directors
* Head of Investment Operations
* Procurement.

All tender proposals will be reviewed by the selection panel. The tender proposals will be scored and the successful suppliers will be selected to form the panel.

The weighting of the scoring is outlined in the table below. In addition, all responses to Appendix 2 (LPP I Specific Questions) and responses to Lots A-D will be evaluated and scored. An Evaluation Matrix is attached separately with full details.

|  |  |  |
| --- | --- | --- |
| **Criteria** |  | **Weighting** |
| Quality & Experience | * Recent relevant experience * Qualifications and experience of people to be deployed on projects * Ability to deploy resources and meet deadlines * Resilience as a corporate body * Standard contract terms and conditions | 25  22.5  25  15  12.5 |
|  | **Total:** | **100** |
|  |  |  |

**SCHEDULE 4 –** GENERAL TENDER REQUIREMENTS

**1.1 CORPORATE ACTIONS**

Tenderers should provide details on imminent take-overs, reorganisations, staff movements/rationalisation, planned changes to the core business, planned changes to the computer environment or its support and any other information which many impact the delivery of the services.

Failure to disclose such information, that is subsequently disclosed or discovered, and that would have significantly altered LPP I’s assessment of your tender could be considered grounds for termination of any agreement between LPP I and the Contractor.

* 1. **PREPARATION OF TENDER**

It is the tendering organisation’s responsibility to ensure they are fully informed and satisfied by their own observations and enquiries as to the nature, extent and scope of the work that would be required if awarded the contract.

The tendering organisation shall be entirely responsible for any and all costs incurred in connection with the preparation and submission of the tender and of undertaking any tests, demonstrations or meetings as part of the negotiations.

LPP I requires all tendering organisations to ensure that they are in a position to perform their obligations under the agreement should they be awarded the contract.

No liability will be accepted by LPP I for any costs incurred by the Tenderer in the preparation of its bid.

* 1. **EQUALITY & DIVERSITY**

LPP I values the diverse nature of its staff and of those who use its services. It ensures that this is reflected in all its policies, practices, contracts and services.

LPP I aims, in relation to its contracts and procurement processes, to seek to only do business with contractors and partners who comply with all their statutory responsibilities with regard to equalities, and can demonstrate that they are actively seeking to address equality of opportunity issues in their own workforce through their approach to recruitment, training and promotion.

Please provide a copy of your Equality & Diversity policy.

* 1. **INDUCEMENTS TO PURCHASE**

The Contractor/Tenderer shall not offer to LPP I or its representatives as a variation of the conditions of the contract, or as agreement collateral to it, any advantage.

* 1. **STANDARD TERMS AND CONDITIONS**

Tenderers should include their standard contract terms and conditions with their bid as this will form part of the tender evaluation criteria.

* 1. **REFERENCES**

The Tenderer should provide references for customers with requirements similar to those detailed in this document. The Tenderer should provide the full name and address, nature of business, point of contact and telephone number and URL of at least two existing clients.

No attempt will be made by LPP I to approach the referees provided without prior permission of the Tenderer.

**1.7 DATA PROTECTION / GDPR**

The Contractor must protect personal data in accordance with the provisions and principles of the General Data Protection Act 2018 (GDPR 2018) and any national implementing laws, regulations and secondary legislation, as amended from time to time, in the UK and any successor legislation to GDPR 2018.

The contractor must ensure that it has in place appropriate technical and organisational measures, reviewed and approved by the Data Controller, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected including, where appropriate:

* + - 1. ensuring confidentiality, integrity, availability and resilience of its systems and services;
      2. ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident; and
      3. regularly assessing and evaluating the effectiveness of the technical and organisational measures adopted by it;
      4. ensure that all personnel who have access to and/or process Personal Data are obliged to keep the Personal Data confidential;
      5. assist the Data Controller in responding to any request from a Data Subject and in ensuring compliance with its obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators;
      6. notify the Data Controller without undue delay on becoming aware of a Personal Data breach;
      7. at the written direction of the Data Controller, delete or return Personal Data and copies thereof to the Data Controller on termination of the Agreement unless required by applicable law to store the Personal Data; and
      8. maintain complete and accurate records and information to demonstrate its compliance with this clause 2.4 and allow for audits by the Data Controller or its designated auditor.

The Contractor shall indemnify the LPP I against all claims and proceedings and all liability, loss, costs and expenses incurred in connection therewith made or brought by any person in respect of any loss, damage or distress caused to that person by the disclosure of any personal data by the Contractor, its employees or agents.

**1.8 QUALITY STANDARDS**

Preference will be given to companies who hold or are seeking accreditation to Quality Standard ISO9000/1/14001/27001 or other relevant Quality Standards. Tenderers should state their current status with their responses.

**1.9 CONFIDENTIALITY**

Any information contained within this document or divulged pursuant to the submission of this bid, must at all times remain in commercial confidence and shall not be passed on to any third party without the prior written permission of LPP I.

**1.10 QUERIES**

Queries relating to this ITT should be directed to Stuart Brown (Procurement Specialist) at stuart.brown@localpensionspartnership.org.uk. Tenderers may submit questions, in writing, at any time up to **11 July 2018**. All queries and LPP I responses will be put in writing and circulated to all those tendering for this contract.

Appendix 1

**Tender requirements checklist**

1. Are you clear on the tender submission conditions, deadline, and requirements?
2. Does your organisation provide a service that matches the specification?
3. Have you included all relevant supplementary information (policies, plans etc.)?
4. Have you included your standard terms and conditions?
5. Have you provided details of (at least two) referees from your existing client base ?

Appendix 2

**LPP I specific questions**

Please complete the below questions.

|  |  |
| --- | --- |
|  | **Firm** |
| 1. | What is the ownership structure of your firm? |
|  |  |
| 2. | Which external stakeholders provide equity or debt financing? |
|  |  |
| 3. | Is your firm wholly or partially a portfolio company of a private equity fund now or in the past? If currently, when is the end-of-fund life for this fund? |
|  |  |
| 4. | Has your firm ever been subject to change-of-ownership negotiations in the past (successful or unsuccessful)? Do you have intentions towards any full or partial change of ownership? |
|  |  |
| 5. | How would you describe the business model of your firm? |
|  |  |
| 6. | Please provide details of any legal claims in the last ten years. |
|  |  |
| 7. | Have any members of your senior management team past or present been convicted of a criminal offence while employed by your firm in the last 10 years? |
|  |  |
|  | **Offices** |
| 8. | What offices does your firm have worldwide? |
|  |  |
| 9. | Is your firm regulated? If so please provide your regulated status. |
|  |  |
| 10. | Which offices will be involved with the administration of our fund and what will be their role? |
|  |  |
| 11. | Will you outsource or delegate client services to other locations? If so describe which work is delegated and to which offices, and how coordination is conducted. |
|  |  |
|  | **People** |
| 12. | What role does your senior management team have in ongoing client service? |
|  |  |
| 13. | How are your client service teams organized? |
|  |  |
| 14. | What is your staff recruitment policy (i.e. type of hires and recruited from what roles)? |
|  |  |
| 15. | Please describe the training that you provide to your staff. |
|  |  |
|  | **Systems** |
|  |  |
| 16. | Please provide an overview of your Cybersecurity and business continuity policies. |
|  |  |
| 17. | Please provide an overview of the systems that you use for administration of products across different asset classes. |
|  |  |
| 18. | Please elaborate on the rationale for choosing each system and the benefits they provide. |
|  |  |
| 19. | Please state exactly how carried interest calculations, including waterfall calculations are calculated by your system. |
|  |  |
| 20. | How are these calculations checked internally by the administrator? |
|  |  |
| 21. | What options are available for the delivery of reports/data from each system? |
|  |  |
| 22. | Are the investor reports produced by your system ILPA compliant? |
|  |  |
| 23. | Please provide an overview of any investor reporting portal used. |
|  |  |
| 24. | Is the portal designed for a specific asset class, or is it a generic data room platform? |
|  |  |
| 25. | In the event that a manager switched fund administrators, would the investor portal be portable? |
|  |  |
|  | **Procedures** |
| 26. | Have your procedures been ISAE3402 certified, or equivalent? Please provide the latest report. Please also include details of Quality Standards / Accreditations you hold such as ISO9000/1/14001/27001. |
|  |  |
| 27. | What are your procedures for sharing information with the fund’s tax advisors for compliance purposes? |
|  |  |
| 28. | How many different individuals routinely access the client's confidential information of a single client? |
|  |  |
| 29. | Please describe your error logging procedures. |
|  |  |
| 30. | Please quantify and describe at an overview level the errors recorded in the error log in the last three years. |
|  |  |
|  | **Lots** |
| **LOT A** | **Fund Accounting and Administration Services** |
| 1. | Please provide a summary of the experience possessed by your organisation in respect of providing fund accounting and administration services. Please include in your answer the nature and numbers of clients currently serviced and the extent of services delivered. |
|  |  |
| 2. | Please describe the staff resources available to deliver the fund accounting and administration services (numbers, qualifications and experience). Please provide names, experience and brief biographies of key service providers. |
|  |  |
| 3. | Please describe the systems used for the delivery of fund accounting and administration services. |
|  |  |
| 4. | Please elaborate on the rationale for choosing the systems and the benefits that they provide. |
|  |  |
| 5. | How many client contracts have been won, lost and terminated in the last three years? |
|  |  |
| 6. | What has staff turnover been in the last three years? |
|  |  |
| **LOT B** | **Transfer Agency Services** |
| 1. | Please provide a summary of the experience possessed by your organisation in respect of providing transfer agency services. Please include in your answer the nature and numbers of clients currently serviced and the extent of services delivered. |
|  |  |
| 2. | Please describe the staff resources available to deliver the fund transfer services (numbers, qualifications and experience). Please provide names, experience and brief biographies of key service providers. |
|  |  |
| 3. | Please describe the systems used for the delivery of transfer agency services. |
|  |  |
| 4. | Please elaborate on the rationale for choosing the systems and the benefits that they provide. |
|  |  |
| 5. | How many client contracts have been won, lost and terminated in the last three years? |
|  |  |
| 6. | What has staff turnover been in the last three years? |
|  |  |
| **LOT C** | **Trustee Services** |
| 1. | Please provide a summary of the experience possessed by your organisation in respect of providing fund trustee services. Please include in your answer the nature and numbers of clients currently serviced and the extent of services delivered. |
|  |  |
| 2. | Please describe the staff resources available to deliver the fund trustee services (numbers, qualifications and experience). Please provide names, experience and brief biographies of key service providers. |
|  |  |
| 3. | Please describe the back-office systems used for the delivery of fund trustee services. |
|  |  |
| 4. | Please elaborate on the rationale for choosing the systems and the benefits that they provide. |
|  |  |
| 5. | Please describe how your organisation manages the conflict of interests with other service Lots under this tender. |
|  |  |
| 6. | How many client contracts have been won, lost and terminated in the last three years? |
|  |  |
| 7. | What has staff turnover been in the last three years? |
|  |  |

|  |  |
| --- | --- |
| **LOT D** | **Depositary Services** |
| 1. | Please provide a summary of the experience possessed by your organisation in respect of providing depositary services. Please include in your answer the nature and numbers of clients currently serviced and the extent of services delivered. |
|  |  |
| 2. | Please describe the staff resources available to deliver the fund depositary services (numbers, qualifications and experience). Please provide names, experience and brief biographies of key service providers. |
|  |  |
| 3. | Please describe the back-office systems used for the delivery of fund depositary services. |
|  |  |
| 4. | Please elaborate on the rationale for choosing the systems and the benefits that they provide. |
|  |  |
| 5. | Please describe how your organisation manages the conflict of interests with other service Lots under this tender. |
|  |  |
| 6. | How many client contracts have been won, lost and terminated in the last three years? |
|  |  |
| 7. | What has staff turnover been in the last three years? |
|  |  |