

Scottish LGPS Scheme Advisory Board
6 September 2023
Professional Advice – Update

Earlier this year, the SAB noted the excellent advice the SAB received from advisors, but that there were additional bespoke pieces of work which were beyond the resources currently available to the SAB.

These include briefings on the implications of different governance options for funds; and assistance in developing a 'pre-breach' mechanism for the cost collar. However, they could also include Scottish specific work on Climate Change reporting, covering work previously undertaken by the CIPFA Treasury management panel, and more.

The SAB tasked the joint secretaries with taking this forward, and they subsequently met with Scotland Excel to discuss commissioning options for specialist advice to the SAB. As the SAB doesn't have existing experience of this system, we need to be flexible around the level of need.

The discussion recognised the importance of good practice being followed, to ensure best value is obtained for the SAB and that any process is fair and not open to challenge. There should be due diligence, and the opportunity to test the market rather than always relying on a single source.

At the same time, it was recognised that the SAB occupied something of a niche in terms of its requirements and there may be a limited number of potential providers. Existing public sector procurement frameworks – such as Crown Commercial Services or the Scottish Government - were unlikely to closely match our requirements and may exclude some specialist potential providers they we would want to be included.

The discussion also explored the option of a retainer model. However, despite the potential advantaged of a faster response, the fixed minimum expenditure inherent in this approach was a sufficient downside to make it unattractive.

As a result of the discussion, the joint secretaries are proposing the following model:

- A call for bidders to provide technical advice to the SAB should be advertised, and we should aim to include at least three bidders.
- This should be issued on an annual basis, at least until the SAB is comfortable with and has evaluated the system.
- When the SAB decides it needs advice on an issue, the joint secretaries should issue a brief to bidders, of around one page, on what is needed and seek bids.
- We occupy a niche area, so bids should be evaluated 30% on commercial (price) and 70 on technical issues (quality). Indicative criteria would be to highlight five areas– demonstrable experience through a case study, knowledge of the market, etc. We could reserve the right to use a bidder if they are not the cheapest offer.
- Joint secretaries would be delegated the power to make a contract award for such a contract of less than £25k, in line with public sector norms.
- We would seek support from COSLA, or potentially the Improvement Service, in commissioning, using their standard suite of terms of supply.
- An amount would be set aside in the SAB Budget to be considered at the November meeting.

This would be reviewed after 12 months.

Please note – we are still waiting for Scotland Excel to sense check the proposals above.