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Tender

ACCESS Pool Investment Manager for Real Estate - UK Core

HAMPSHIRE COUNTY COUNCIL

Hertfordshire County Council

Isle of Wight Council

Kent County Council

Norfolk County Council

Suffolk County Council

West Northamptonshire Council

West Sussex County Council

East Sussex County Council

Cambridge City Council

Essex County Council

F02: Contract notice

Notice identifier: 2022/S 000-022907

Procurement identifier (OCID): ocids-h6vhtk-035fc3

Published 18 August 2022, 9:06am

Section I: Contracting authority

I.1) Name and addresses

HAMPSHIRE COUNTY COUNCIL

The Castle

WINCHESTER

Email

cpsajj@hants.gov.uk

Country

United Kingdom

Region code

UKJ36 - Central Hampshire

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

www.hants.gov.uk

I.1) Name and addresses

Hertfordshire County Council

Hertford

Email

contact@hertfordshire.gov.uk

Country

United Kingdom

Region code

UKH2 - Bedfordshire and Hertfordshire

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.hertfordshire.gov.uk/home.aspx>

I.1) Name and addresses

Isle of Wight Council

Newport

Email

customer.services@iow.gov.uk

Country

United Kingdom

Region code

UKJ3 - Hampshire and Isle of Wight

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.iow.gov.uk/>

I.1) Name and addresses

Kent County Council

Maidstone

Email

county.hall@kent.gov.uk

Country

United Kingdom

Region code

UKJ4 - Kent

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.kent.gov.uk/>

I.1) Name and addresses

Norfolk County Council

Norwich

Email

DPCST@norfolk.gov.uk

Country

United Kingdom

Region code

UKH1 - East Anglia

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.norfolk.gov.uk/>

I.1) Name and addresses

Suffolk County Council

Ipswich

Email

customer.services@suffolk.gov.uk

Country

United Kingdom

Region code

UKH1 - East Anglia

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.suffolk.gov.uk/>

I.1) Name and addresses

West Northamptonshire Council

Northampton

Email

enquiries.nbc@westnorthants.gov.uk

Country

United Kingdom

Region code

UKF2 - Leicestershire, Rutland and Northamptonshire

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.westnorthants.gov.uk/>

I.1) Name and addresses

West Sussex County Council

Chichester

Email

procurement@westsussex.gov.uk

Country

United Kingdom

Region code

UKJ2 - Surrey, East and West Sussex

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.westsussex.gov.uk/>

I.1) Name and addresses

East Sussex County Council

Lewes

Email

purchasing.queries@eastsussex.gov.uk

Country

United Kingdom

Region code

UKJ2 - Surrey, East and West Sussex

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.eastsussex.gov.uk/>

I.1) Name and addresses

Cambridge City Council

Cambridge

Email

enquiries@cambridge.gov.uk

Country

United Kingdom

Region code

UKH1 - East Anglia

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.cambridge.gov.uk/>

I.1) Name and addresses

Essex County Council

Chelmsford

Email

procurement.team@essex.gov.uk

Country

United Kingdom

Region code

UKH3 - Essex

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.essex.gov.uk/>

I.2) Information about joint procurement

The contract involves joint procurement

I.3) Communication

The procurement documents are available for unrestricted and full direct access, free of charge, at

<https://in-tendhost.co.uk/hampshire.aspx/Home>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://in-tendhost.co.uk/hampshire.aspx/Home>

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

Economic and financial affairs

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

ACCESS Pool Investment Manager for Real Estate - UK Core

Reference number

CR19851

II.1.2) Main CPV code

- 66131100 - Pension investment services

II.1.3) Type of contract

Services

II.1.4) Short description

The Authority is seeking an investment manager to manage and grow the assigned UK Core Real Estate mandates of the ACCESS pool members.

This procurement is being undertaken by Hampshire County Council (the Authority) on behalf of the Administering Authorities who together comprise the ACCESS Pool.

The ACCESS Pool is a collaboration of 11 like-minded Local Government Pension Scheme Authorities, investing the pensions of over one million members, delivering strong investment performance, achieving greater cost efficiency and benefiting from the best of local authority procurement. Further information regarding the ACCESS Pool can be found here: <https://www.accesspool.org/>.

II.1.5) Estimated total value

Value excluding VAT: £2,000,000,000

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKF2 - Leicestershire, Rutland and Northamptonshire
- UKH - East of England
- UKJ2 - Surrey, East and West Sussex
- UKJ3 - Hampshire and Isle of Wight
- UKJ4 - Kent

II.2.4) Description of the procurement

Hampshire County Council is running this procurement on behalf of ACCESS pool and is seeking to appoint an investment manager to manage and grow the assigned UK Core Real Estate mandates of the ACCESS Pool members.

The procurement will be carried out as a two stage Restricted procedure.

At the conclusion of the procurement procedure, each named Authority will enter into its own contract with the successful Supplier at their own discretion.

The duration of the contract(s) shall be thirty (30) years, subject to a five (5) yearly review cycle during this period.

Full details of the requirement can be found in the Specification at Annex 1 of the ITT documentation by registering within Hampshire's instance of the In-Tend e-procurement platform at the following URL: <https://in-tendhost.co.uk/hampshire/asp/Home>

II.2.5) Award criteria

Price is not the only award criterion and all criteria are stated only in the procurement documents

II.2.6) Estimated value

Value excluding VAT: £2,000,000,000

II.2.7) Duration of the contract, framework agreement or dynamic purchasing system

Duration in months

360

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: No

II.2.11) Information about options

Options: Yes

Description of options

Across the 11 ACCESS Authorities there is currently a total aggregated exposure of c. £4.9

billion to UK Real Estate, relative to a target exposure of c. £5.8 billion (this is based on each Authority's current strategic asset allocation and latest overall portfolio valuation). Of this existing c. £4.9 billion exposure, four Authorities have direct UK core property portfolios totalling c. £2.5 billion and the other seven Authorities have indirect UK core exposure allocations (via fund of funds allocations or single fund allocations) totalling c. £2.1 billion. In addition, c. £0.3 billion in aggregate has been allocated by some Authorities to alternative UK strategies via single-fund allocations.

The current expectation is that the c. £2.1 billion indirect UK core exposure will create the foundation of the ACCESS pooled UK Core Real Estate mandate. The respective Authorities are expected to redeem from their fund of funds allocations/ single fund allocations and invest the redemption proceeds into the pool.

However, although possible, not all the c. £2.1 billion indirect UK core exposure is expected to be transitioned to the pool. There are some existing allocations which are not expected to be redeemed initially, and it is also expected that some of the redemption proceeds may be allocated to a separate ACCESS UK Alternative Real Estate solution.

There is scope for the total mandate size to significantly increase in scale (and - although unlikely based on information available currently - to possibly decrease), both initially and throughout the life of the mandate, due to the following factors:

- i. Authorities are currently undertaking reviews of their strategic asset allocations following the 31 March 2022 triennial actuarial valuations (these are expected to be completed by Q1 2023). The results of these reviews may affect each respective Authority's target allocation to UK Core Real Estate. This may have the impact of further increasing the capital that Authorities will collectively allocate to the UK Core Real Estate pool (it is also possible that the results may lead to a decrease in the amount allocated). For context, were each Authority with existing indirect UK core real estate exposure to increase their target exposure by 1%, this would result in an additional c. £0.3 billion being potentially available to be allocated to the pool.
- ii. It has been assumed that a portion (c. £0.3 billion) of the total redemption proceeds from the existing indirect UK core exposure will be allocated to the ACCESS UK Alternative Real Estate solution. However if this does not turn out to be the case then this will likely be allocated to the ACCESS UK Core Real Estate mandate.
- iii. Based on discussions with some Authorities, it has further been assumed that c. £0.3 billion in existing single-fund allocations will not be redeemed immediately for strategic reasons. However if this does not turn out to be the case then this will likely be allocated to the ACCESS UK Core Real Estate mandate.
- iv. For the anticipated initial mandate size for the pool (£0.75 billion - £1.25 billion) the low end of the range has been determined by assuming that only around half of the expected

redemptions will be transitioned to the pool i.e. there is scope for an additional c. £0.75 billion to be allocated to the pool if all respective Authorities ultimately decide to transition.

v. In addition to the seven Authorities with existing indirect UK core exposure, there are four further Authorities who have existing portfolios of direct UK core exposure. As noted previously, it is anticipated that initially one of these Authorities may appoint the investment manager to the ACCESS pooled solution to manage its own direct holdings. However, over the life of the mandate it may be the case that one, two or all of the other three Authorities will seek a similar arrangement. Across these three Authorities, the current aggregated market value of their direct UK portfolios is c. £1.8 billion.

II.2.14) Additional information

Note: The stated contract value is an estimate of fees payable over the life of the contract based on anticipated mandate size and maximum fees set out in the Pricing Schedule. The actual fees payable will depend on these and other relevant factors applicable over the course of the mandate. This amount should not be taken as a guaranteed value or payment. Specifically, the estimated total contract value shown above has been derived by making a number of assumptions at the time of writing, which include: the authorities' current exposure of £4.9 billion as initial assets in the mandate; a contract length of 30 years; a maximum blended fee rate of 50 basis points; a constant asset growth assumption of 6.0% p.a. It should be noted that in practice the actual levels of assets, fees and growth rates are highly likely to differ materially from these assumptions over the term of the mandate. For further details on the expected size of this mandate, please see 'Project Background' in Section 1 of the ITT.

Section III. Legal, economic, financial and technical information

III.1) Conditions for participation

III.1.2) Economic and financial standing

Selection criteria as stated in the procurement documents

III.1.3) Technical and professional ability

Selection criteria as stated in the procurement documents

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Restricted procedure

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

IV.2) Administrative information

IV.2.2) Time limit for receipt of tenders or requests to participate

Date

23 September 2022

Local time

2:00pm

IV.2.3) Estimated date of dispatch of invitations to tender or to participate to selected candidates

18 October 2022

IV.2.4) Languages in which tenders or requests to participate may be submitted

English

Section VI. Complementary information

VI.1) Information about recurrence

This is a recurrent procurement: No

VI.4) Procedures for review

VI.4.1) Review body

High Court of England and Wales

London

Country

United Kingdom