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Tender

## **Equity Overlay / Downside Risk Management**

Wirral Borough Council  
West Yorkshire Pension Fund  
Greater Manchester Pension Fund  
Merseyside Pension Fund

F02: Contract notice  
Notice identifier: 2022/S 000-035897  
Procurement identifier (OCID): ocds-h6vhtk-03928d  
Published 19 December 2022, 4:23pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

Wirral Borough Council  
  
Wallasey Town Hall  
  
Wallasey  
  
CH44 8ED

#### **Email**

[tenders@wirral.gov.uk](mailto:tenders@wirral.gov.uk)

#### **Telephone**

+44 1516062002

#### **Fax**

+44 1516063725

**Country**

United Kingdom

**Region code**

UKD74 - Wirral

**Internet address(es)**

Main address

<http://www.wirral.gov.uk/>

Buyer's address

<http://www.wirral.gov.uk/>

**I.1) Name and addresses**

West Yorkshire Pension Fund

Aldermanbury House

West Yorkshire

BD1 2ST

**Email**

[pensions@wypf.org.uk](mailto:pensions@wypf.org.uk)

**Country**

United Kingdom

**Region code**

UKE4 - West Yorkshire

**Internet address(es)**

Main address

<https://www.wypf.org.uk/>

### **I.1) Name and addresses**

Greater Manchester Pension Fund

Guardsman Tony Downes House

Manchester

M43 6SF

#### **Email**

[employersupport@gmpf.org.uk](mailto:employersupport@gmpf.org.uk)

#### **Country**

United Kingdom

#### **Region code**

UKD3 - Greater Manchester

#### **Internet address(es)**

Main address

<https://www.gmpf.org.uk/>

### **I.1) Name and addresses**

Merseyside Pension Fund

Castle Chambers

Liverpool

L2 9SH

#### **Email**

[mpfadmin@wirral.gov.uk](mailto:mpfadmin@wirral.gov.uk)

#### **Country**

United Kingdom

**Region code**

UKD72 - Liverpool

**Internet address(es)**

Main address

<https://www.mpfmembers.org.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://procontract.due-north.com>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://procontract.due-north.com>

**I.4) Type of the contracting authority**

Regional or local authority

**I.5) Main activity**

General public services

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

Equity Overlay / Downside Risk Management

Reference number

DN645549

#### **II.1.2) Main CPV code**

- 66000000 - Financial and insurance services

#### **II.1.3) Type of contract**

Services

#### **II.1.4) Short description**

The Local Government Pension Scheme (LGPS) is a national scheme administered on a local basis by Wirral Council as the administering authority for the Northern LGPS.

The Fund is governed by the Superannuation Act 1972 and the Public Services Pensions Act 2013. The Fund 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.

Northern LGPS is a partnership between the Greater Manchester (GMPF), Merseyside (MPF) and West Yorkshire (WYPF) Local Government Pension Scheme (LGPS) funds.

Formerly known as 'Northern Pool', it is one of Britain's largest public investment funds, with combined assets under management of £46bn. Northern LGPS represents about a

fifth of total LGPS assets, has approximately 880,000 members and over 1,100 contributing employers.

Northern LGPS's purpose is to ensure the assets of its funds perform effectively so that members receive a pension that enables them to enjoy their retirement in dignity.

### 3. Scope of the opportunity

Northern LGPS is seeking to control equity risk on a medium-term basis and possibly on a longer-term strategic basis through the use of an equity overlay solution(s).

Northern LGPS is looking to renew its framework of approved equity overlay suppliers to offer overlay management services as required during the framework duration. It is anticipated that mandates will be awarded on an individual basis to suppliers within this framework as required by the underlying plans.

Suppliers must be able to offer equity risk / drawdown control through a broad range of overlay solutions ranging from basic put / put-spread protection through to more complex strategies (as required by individual awards within the framework), and may also be required to offer mechanisms for funding (e.g. synthetic equity replication or other funding routes).

The approved supplier framework will target a minimum of 3 manager appointments.

Northern LGPS are seeking proposals from asset managers. Bank or other non-fiduciary solutions will be excluded.

Suppliers must be able to implement solutions using their own trading relationships. Proposals requiring use of client ISDAs will be excluded.

Suppliers must be regulated to offer services to UK institutional investors.

It is estimated that the Northern LGPS will seek to deploy Equity Risk Overlay mandates on up to GBP 3bn initially. This figure represents the client's total equity exposure that might be referenced by overlay proposals.

Individual mandates within the framework are expected to vary in sizes ranging from GBP 100m to GBP 2bn, with the framework expected to deploy multiple overlay solutions over time. There is also the potential for aggregate mandate size to grow through the incorporation of other asset classes over time.

Subject to there being a sufficient number of responses meeting the selection criteria, Northern LGPS will select the 10 top scored qualified suppliers to be invited to tender.

### **II.1.5) Estimated total value**

Value excluding VAT: £7,236,000

### **II.1.6) Information about lots**

This contract is divided into lots: No

## **II.2) Description**

### **II.2.3) Place of performance**

NUTS codes

- UKD74 - Wirral

### **II.2.4) Description of the procurement**

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FOR ALL QUERIES, ACCESS TO DOCUMENTATION, EXPRESSIONS OF INTEREST, SUBMISSIONS PLEASE ACCESS VIA THE OPPORTUNITY ON THE CHEST PORTAL VIA <http://www.the-chest.org.uk>

#### **II.2.5) Award criteria**

Quality criterion - Name: Quality (Written ITT submission) / Weighting: 60



Quality criterion - Name: Quality (Presentation) / Weighting: 20

Price - Weighting: 20

**II.2.6) Estimated value**

Value excluding VAT: £7,236,000

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

Duration in months

48

This contract is subject to renewal

No

**II.2.9) Information about the limits on the number of candidates to be invited**

Envisaged number of candidates: 10

**II.2.10) Information about variants**

Variants will be accepted: No

**II.2.11) Information about options**

Options: No

**II.2.13) Information about European Union Funds**

The procurement is related to a project and/or programme financed by European Union funds: No

**II.2.14) Additional information**

This tender is being conducted by the lead Authority Wirral Council for its own Pension Fund, namely Merseyside Pension Fund and also this framework will be ran for, and will include West Yorkshire Pension Fund and Greater Manchester Pension Fund

This will be in 2 stages Stage 1 SSQ - with a min of 10 top scored suppliers being put through to Stage 2 - the ITT stage.

Once the framework has been awarded, each individual Fund will run their own further

competition between the successful suppliers on the framework when each individual requirement arises

Please refer to DN645549 for criteria of award for all stages

Please note due to Christmas Shut down between 5pm Friday 23rd December 2022 and 9am Tuesday 4th January 2023 no questions will be answered during this period.

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## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Competitive procedure with negotiation

#### **IV.1.3) Information about a framework agreement or a dynamic purchasing system**

The procurement involves the establishment of a framework agreement

Framework agreement with several operators

In the case of framework agreements, provide justification for any duration exceeding 4 years:

no maximum, but minimum of 3 - further competition as outlined in tender documentation

#### **IV.1.4) Information about reduction of the number of solutions or tenders during negotiation or dialogue**

Recourse to staged procedure to gradually reduce the number of solutions to be discussed or tenders to be negotiated

#### **IV.1.5) Information about negotiation**

The contracting authority reserves the right to award the contract on the basis of the initial tenders without conducting negotiations

#### **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

20 January 2023

Local time

12:00pm

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

English

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### **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**

Royal Courts of Justice

London

WC2A 2LL

Country

United Kingdom