



National LGPS Framework for Investment Management Consultancy Services

Specification of Requirements

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This document details the Specification which was issued to Providers when setting up the National LGPS Framework for Investment Management and Consultancy Services. This document is intended as a template, and you will need to customise the Specification of Requirements to suit your specific requirements. Your requirements should be captured in your Invitation to Further Competition.

To help you define your specification you should review the Provider Catalogues to understand each Provider’s response to the Specification of Requirements.

LOT 1 – INVESTMENT CONSULTANCY SERVICES

To provide a wide range of advisory services in relation to investment management support services, including, but not limited to:

- Review of investment strategy including but not limited to:
 - strategic and tactical asset allocation to include a full range of asset classes including alternative investments and emerging products and services;
 - investment beliefs;
 - the use of overlays;
 - risk appetite and budgeting;
 - setting appropriate performance targets and benchmarks;
 - access to research and technical information provision e.g. technical information underpinning ALM model;
- working with the Fund Actuary to undertake asset liability modelling as required;
- working with the Fund Actuary on an on-going basis in respect of the integrated management of fund assets and liabilities;
- advising on the Investment Strategy Statement/Statement of Investment Principles (NI/Scotland) and other statutory policy or reporting requirements including monitoring, reporting and assessment of investment management service providers;
- provision of Quarterly Performance Monitoring and Reporting as required;
- advice on the implementation of Investment Strategy Statement/Statement of Investment Principles (NI/Scotland);
- advising on and/or preparation of the Pension Fund Annual Report and other statutory reporting requirements;
- advising the Fund on all policies and guidance with regards to Responsible Investment and Stewardship policies which set how Social, Environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments on the exercise of the rights (including voting rights attached to investments);
- where appropriate to take into consideration wider ESG issues when relevant to the advice being provided;

- advising on the investment market and solutions (at a strategic and fund investment strategy level) based upon the application of current market intelligence (or advising on investment markets and the outlook for different asset classes);
- attend meetings and provide training to members of the pensions committee, local pension boards, officers etc. in support of maintaining high standards of investment governance;
- review and selection of Additional Voluntary Contributions providers;
- matters in connection with LGPS asset management restructuring (“asset pooling”).

LOT 2 – MANAGER/FUND SEARCH, SELECTION, MONITORING AND REVIEW SERVICES

To provide a wide range of advisory services in relation to the appointment of investment management support services, including, but not limited to:

- Providing market-wide advice on the range of managers/funds with the capability to undertake specific portfolio management and other ancillary services;
- supporting clients with investment manager or other investment related services;
- undertaking investment manager or other investment-related services, assessment and selection on behalf of clients;
- supporting clients in the procurement of, and fee level and structure negotiations with, service providers;
- undertaking investment manager performance monitoring and review on behalf of clients;
- providing access to manager research;
- providing views and ongoing monitoring of investment managers’ capabilities from an environmental, social and governance perspective;
- provision of support, training and attendance at meetings as required by clients;
- individual Portfolio reviews – including performance objectives, risk and cost.

LOT 3 – INVESTMENT MANAGEMENT CONSULTANCY RELATED SPECIALIST SERVICES

To undertake a wide range of discrete pieces of specialist, investment-related work, including, but not limited to:

- matters in connection with LGPS Investment Pooling Arrangements;
- FCA authorisation and Variation of Permissions;
- regulatory compliance advice and review services;
- regulatory change advice and implementation services;
- development and integration of investment management operating models changes or enhancements;
- development, review and implementation of investment risk management strategy;
- delivery / implementation of IT infrastructure investment solutions;
- reviews of fund policy statements (ISS/SIP, RI statements etc.);
- individual Portfolio reviews – including performance objectives, risk and cost and ESG matters;
- investment research, modelling and analytics;
- advising on RI and stewardship policies, styles and tools across any or all asset classes and the implementation of RI and stewardship strategies;
- review and selection of Additional Voluntary Contributions providers and associated funds;
- support of processes and compliance with regulatory requirements pertaining to its operation as an authorised entity;
 - undertaking or supporting custody/administrator /back-office investment management;
 - infrastructure search and review, assessment and selection on behalf of clients;
 - assist with the appointment of a Transition Manager and the post and pre trade reporting and analysis;
 - enhanced, independent manager analysis, monitoring and review services;
 - advice on ESG risk including modelling and reporting;

- support with reporting as required under TCFD (Task Force on Climate-related Financial Disclosures);
- providing transition advice in relation to the switching or movement of assets and/or the restructuring of portfolios;
- advice on Performance Measurement and Attribution solutions and services;
- advice on Climate scenario analysis and impact on portfolio;
- provision of Consultancy services for strategic policy advice and modelling a pension plan's assets, liabilities, and policy instruments;
- provision of Economic Scenario Analysis.

LOT 4 – INVESTMENT MANAGEMENT COST MONITORING AND REPORTING SERVICES

To provide:

- The on-going collation of client investment management cost data from all relevant sources (including but not limited to the client, their custodian and their asset managers as required) at a level of detail consistent with best practice on investment management cost transparency (e.g. guidance as issued from time to time by CIPFA, the LGPS Scheme Advisory Board, the IMA and other leading industry bodies);
- the analysis of such data to provide year-on-year comparable investment management cost data, benchmarked across the LGPS and other relevant UK and global comparators;
- annual reporting of investment management cost outcomes to the client;
- the maintenance of all historical client data;
- attendance at meetings as required by clients.