

## **GLOBAL CUSTODIAN SERVICES CONTRACT REVIEW**

### **Report of the County Treasurer**

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.
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**Recommendation: That the Committee note the intention to appoint Northern Trust to the role of Global Custodian for the Devon Pension Fund.**

### **1. Introduction**

- 1.1. In accordance with the principles of best practice for investment management, the Devon Pension Fund uses the services of specialist custodians to work alongside our external fund managers to ensure the safe custody of the investment assets owned by the Fund. The existing custody contract was due for renewal and it was agreed at the last Committee meeting on 28<sup>th</sup> February 2014 that the National LGPS Framework would be used to secure a new contract for Global Custody Services.
- 1.2. The appointment process and final decision were delegated to the Chairman in consultation with the County Treasurer.

### **2. The Evaluation Process**

- 2.1. Six providers under the National LGPS Framework were invited to participate in a mini-competition exercise, in accordance with the framework agreement. The six providers were BNP Paribas, BNY Mellon, HSBC, J.P. Morgan, Northern Trust and State Street.
- 2.2. Working with Devon Procurement Services, officers of the Devon Pension Fund issued an Invitation to Tender (ITT). Providers were then able to submit a response to the ITT, addressing each of the questions asked and to demonstrate how they would meet the service requirements of the Pension Fund.
- 2.3. Each submission was independently evaluated and awarded scores by officers. Providers were then invited to attend County Hall to deliver a presentation to a panel comprising of Councillor Ray Radford, Vice Chairman of the Investment and Pension Fund Committee, in the Chairman's absence, together with the County Treasurer and other officers.

### **3. Conclusion**

- 3.1. Following a thorough evaluation of each submission received and presentation delivered, it is intended to award the contract for Global Custodian Services for the Devon Pension Fund to Northern Trust. This is currently subject to a standstill period before the contract is awarded.

- 3.2. Northern Trust achieved the best overall score for quality. The fee for the contract represented the 2<sup>nd</sup> lowest fee quoted by the six providers, and represents a saving on the existing contract, even with the inclusion of additional services.
- 3.3. The contract will take effect from 1<sup>st</sup> September 2014 and will operate for 5 years, with the option to extend for a further 2 years. Officers will be arranging the transfer of assets from our current custodian to Northern Trust over the next 3 months.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Mark Gayler/Daniel Harris

Tel No: (01392) 383621 Room G97/99