



## **Appointment and Management of Advisers and Service Providers**

---

**May 2024**

# Contents

---

Introduction.....3

Application and Scope.....3

The Selection Stage.....3

The Appointment Stage .....7

Contract and Supplier Management .....8

Supporting Policies and Regulations.....10

Training.....10

Responsibilities.....11

<b>Document</b>	<b>Appointment and Management of Advisers and Service Providers</b>
<b>Review Date</b>	June 2024
<b>Approval Date</b>	
<b>Author &amp; Team</b>	M Suttie, Governance
<b>Review Date</b>	May 2025

## Introduction

---

This document has been prepared for North East Scotland Pension Fund (NESPF), part of the Local Government Pension Scheme (LGPS), as administered by Aberdeen City Council (ACC), to assist NESPF in the appointment and management of service providers and advisers.

This document is supported by the wider NESPF, ACC policies and procedures, as well as guidance provided by the Pensions Regulator.

## Application and Scope

---

The governing body (the “scheme manager”) often appoints professional advisers and service providers and in some cases these appointments are required under regulations. These appointments may be to carry out specific tasks or to provide advice and supplement the skills and knowledge of the governing body.

Where the governing body appoints advisers and service providers, it retains ultimate accountability. The governing body should be able to demonstrate that it can manage commercial relationships. This document applies to both in-house and third-party appointments.

In selecting advisers and service providers, governing bodies should first establish agreed and documented policies and procedures for making appointments to the scheme. This document should be reviewed at least every three years, before commencing any procurement or appointment process.

## Selection

---

***Consider running a tender process when appointing advisers and service providers and commit enough time and resources.***

Procurement is the process of purchasing goods, services and works from external suppliers. Good procurement makes sure that we get the “best value” for the services we provide both for ourselves and for our stakeholders.

Forward planning is key for all procurement over £50,000 (revenue) or £250,000 (capital). You should be planning **at least 12 months in advance** of the required contract start date (and for more complex/high risk procurement activity the lead in time will be longer).

If you need to select and appoint an adviser or service provider, there are key stages to follow:

1. **Establish Project Team** – Who will be involved, what will their role within the project be?

2. **Lessons learned** – Review feedback, review current arrangements, incorporate lessons learned into the strategy.
3. **Engage with suppliers** – Discuss your requirements with suppliers, consider whether a supplier event or questionnaire may be useful.
4. **Develop Strategy/Identify Procurement Route** – Identify preferred option for the procurement, consider what is to be included.
5. **Board/Committee Approval** – Approval of the Demand Management Control Board then appropriate committee.

By establishing the **total value (see Appendix II)** of the contract, it will help determine the procurement route and steps to take next:

Level 1 Procurement	
Goods or Services	Less than £10,000
Works	Less than £10,000

Level 1 procurement contracts do not require to be formally tendered. However, before proceeding you must ensure:

- You have the consent of appropriate Line Managers and Budget Holders (and if necessary, any Chief Officers, Directors, Council Members or Committees);
- Have Level 1 Delegated Procurement Authority; and
- You obtain one written quote from a suitable supplier and demonstrate that supplier offers best value to the Council.

Level 2 Procurement	
Goods or Services	£10,000 - £49,999
Works	£10,000 - £249,000

Level 2 procurement contracts do not require to be formally tendered, and a Quotation Exercise can be undertaken. However, in some cases, you may identify that a full tender exercise is required – see Level 3. However, before proceeding you must ensure:

- You have the consent of appropriate Line Managers and Budget Holders (and if necessary and Chief Officers, Directors, Council Members or Committees);
- Have Level 2 Delegated Procurement Authority; and
- Identify individuals with relevant experience to evaluate responses (if required).

Level 3 Procurement	
Goods or Services	£50,000 – EU Threshold

Works	£250,000 – EU Threshold
-------	-------------------------

Level 3 procurement contracts or framework agreements will be required to be formally tendered. To be able to run a Tender you must make sure you:

- Have the consent of appropriate Line Managers and Budget Holders (and if necessary, any Chief Officers, Directors, Council Members or Committees);
- Have the appropriate approvals in place; and
- Have Level 3 Delegated Procurement Authority.

### Direct Award

There is a possible exemption to running a tender exercise. This is known as “Non-Competitive Action” (NCA) and allows a contract to be placed directly with one supplier subject to a written quote being obtained. It should be noted that this is only granted in exceptional circumstances i.e. where competition is deemed not appropriate and is dealt with on a case-by-case basis.

Some possible examples include where:

- It is necessary because of an unforeseeable emergency involving immediate risk to persons, property, or serious disruption to Council services;
- The goods, works or services can only be supplied or provided by one specialist firm (this is increasingly unlikely and auditable evidence will be required);
- The goods, works or services are proprietary articles or are sold only at a fixed price and no reasonably satisfactory alternative is available; or
- The prices of goods, works or services are wholly controlled by trade organisations or government order and no reasonable satisfactory alternative is available.

ACC Procurement colleagues can provide further information on Direct Awards ([CPSSprocurement@aberdeencity.gov.uk](mailto:CPSSprocurement@aberdeencity.gov.uk)).

***Carefully consider any proposed degree of delegation, as well as the experience and skill set of the chosen service provider.***

Procurements shall only be carried out by Delegated Procurers who have been designated as such by the Head of Commercial and Procurement.

Delegated Procurement Authority (DPA) is the authority to procure and enter into contracts for goods, services and works on behalf of the Council. A Delegated Procurer will oversee the process leading up to and including the procurement or award of a contract, as well as having the responsibility for managing elements of any resulting contract.

The Governance Manager and Senior Pensions Officer-Governance have DPA (up to Level 3) for the Pension Fund, having completed the relevant procurement training through ACC Learn. They also hold

the appropriate access right on Public Contracts Scotland ([Home - Public Contracts Scotland](#)). DPA is reviewed on an annual basis or as required.

***Be familiar with and understand the impact of the terms and conditions of contracts with service providers.***

Officers should liaise with CPS Legal colleagues to seek a review of the terms and conditions of any potential contractual arrangements ([cpslegal@aberdeencity.gov.uk](mailto:cpslegal@aberdeencity.gov.uk)). Frameworks such as the Norfolk LGPS Framework will come with Standard T&C's, although these need to be reviewed, no substantial changes can be made. For all other contracts, ACC have their own standard T&C's which should be used and those of the advisor or provider will not normally be accepted.

***Review relevant independent frameworks, such as ISO certification or accreditation frameworks for specialist functions like administration.***

The Public Contracts (Scotland) Regulations 2015 set out rules describing how to advertise, how to describe specifications, how to decide on selection criteria, how to allow tenderers to submit and how to award contracts.

- **A Contract**

A contract is a legally binding agreement between two parties creating obligations enforceable by law. A procurement contract sets out the details of what is being procured, from whom, and the rights and obligations of the parties involved.

- **A Framework Agreement**

This is an agreement made between one or more contracting authorities and one or more suppliers. It sets out the terms and, in particular, the prices to be charged, under which individual contracts (call-offs) can be made throughout the duration of the agreement. Call-off contracts are awarded under the framework agreement's existing terms and conditions and no material changes to the terms can be made. Calling off from a framework may only be done in accordance with the procedures laid down within that framework which is usually either by Direct Award or Mini Competition. NESPF currently utilises several Frameworks including the Norfolk LGPS Frameworks (for Actuarial, Global Custody, Investment Consultancy, Member Data Services), the Northumberland Framework (for Heywood), the Crown Commercial Services (CCS) Framework and The City of Edinburgh Council (CEC) Framework (for External Legal) and most recently the KCS Framework for Facilities Services.

In order to use a Framework, it must first be approved for use by Commercial and Procurement Services. If you need to use a Framework which has not been used before, you should liaise directly with ACC Procurement colleagues. They will guide you through the process if you need to have the Framework added to their "Approved List". An Adoption Report will need to be completed and signed off by the Chief Officer – Finance, this is usually completed by the Procurement Team before you move on to the next stages of the procurement process.

- **A Dynamic Purchasing System (DPS)**

This is similar to a framework agreement with two exceptions:

- 1) New suppliers can join at any time over the agreement period; and
- 2) Call-offs from a DPS can only be made via further competition (such as a mini-competition).

If you are unable to source your requirement through any of the above options you will need to undertake a full procurement in order to comply with the Council's procurement governance. ACC Procurement colleagues will guide you through this process.

## **The Appointment Stage**

---

***Assess service providers and carry out due diligence as part of the appointment process.***

***Clearly set out the roles and responsibilities of service providers and advisers***

When appointing advisers and service providers, governing bodies should:

- Agree appropriate delegations and procedures for referral;
- Agree performance indicators on appointment and secure accountability within the service provider;
- Include a process for managing advisers, recording decisions taken as well as escalation points;
- Ensure the flow of communication with the service provider or adviser, so all parties have the necessary information to make key decisions and to fulfil their assigned responsibilities and roles;
- Take steps to identify and manage conflicts of interest; and
- Understand the implications of data protection legislation for any information that will be shared with or handled by service providers.

The Delegated Procurer should be engaged early in the process to ensure that service level requirements and Key Performance Indicators (KPIs) are appropriate and built into the tender documentation/contract.

KPIs provide a mechanism to measure and understand how well the NESPF and/or their suppliers are performing in relation to their strategic goals and objectives. KPIs should be SMART (Specific; Measurable; Attainable; Realistic and Time-bound).

In relation to conflicts of interest and data protection, Officers will consider appropriate guidance from ACC Legal and Procurement colleagues and the Governance Team, as well as referencing NESPF Conflicts of Interest and Data Protection Policies. A Data Protection Impact Assessment may need to be completed e.g. where your proposal requires personal information to be held or processed off site or may be shared with or accessible to the host provider.

The appointment and management of fund managers is dealt with separately in the Investment Policy.

## Business Case

Officers must complete a Business Case and submit this to the Demand Management Control Board for sign off. The Business Case Template can be found at [Procurement Business Cases and Work Plans \(sharepoint.com\)](#). It should be completed with input from relevant parties and ACC Legal and Procurement Colleagues. The Business Case will require you to provide information which will have been acquired during due diligence process and will also set out details of service performance, monitoring and risk management.

## Demand Management Control Board

The Demand Management Control Board (DMCB) provides scrutiny of all revenue spend above £50,000 providing a robust process and level of scrutiny around all procurement and contract management activity.

A list of the dates for the DMCB is available on the Council intranet within the [procurement pages](#). The deadline for DMCB papers is 10 working days prior to the meeting date and papers should be submitted to [MeMackenzie@aberdeencity.gov.uk](mailto:MeMackenzie@aberdeencity.gov.uk). Once submitted, business cases will be uploaded to the DMCB team site and shared with editing rights. They will also be shared with your Chief Officer, Finance, Legal and Procurement for review and sign off. Business case authors are invited to the DCMB meeting to answer any questions the board may have.

## Pensions Committee

Under the ACC Procurement Regulations, the Director of Resources can approve (or nominate a person as having authority to approve) any procurement or contract, as a result of a decision of the Pensions Committee and/or a relevant business case, where the Contract Value of the contract is of or above £50,000 (supplies/services) £250,000 (works) or £4.5m (concessions), following consultation with the Chief Officer – Finance and the Head of commercial and Procurement.

A procurement report should be submitted to the Pensions Committee following discussions with procurement colleagues and sign off by the DMCB of the business case. You should plan effectively to ensure there is sufficient time given the Committee only meets every three months. The Governance Team can provide guidance on preparing your report.

## **Contract and Supplier Management**

---

Managing contracts and suppliers effectively is necessary to achieve contractual deliverables and best value. Improved relationships with our suppliers and realising contract efficiencies is dependent on robust Contract and Supplier Management throughout the lifetime of contracts.

Delegated Procurers shall ensure that the performance of any contract or supplies is monitored and reviewed in a way which is proportionate to the value, duration, subject matter, and complexity of the contract.

When managing advisers and service providers, governing bodies should:



- Seek to ensure that advisers make you aware of any relevant obligations, professional conduct rules and whistleblowing requirements that they may be obliged to follow.
- Ensure service providers can demonstrate that they are fulfilling the requirements of any legal obligation that has been delegated to them.
- Ensure service providers can demonstrate that they have adequate internal controls relating to the services they provide.
- Regularly assess performance against agreed key performance indicators (KPIs) and service level agreements (SLAs). Record outcomes and ensure all actions are allocated for remedy with progress tracked.
- Review the performance of advisers and service providers against the objectives set for them, including strategic objectives.
- Periodically review the market for relevant service providers and consider if the scheme continues to receive quality service and value for money. This may be part of any value for members assessment run by the Scheme.
- Have enough knowledge and understanding to enable them to fully understand any advice or information they receive.
- Understand how any advice or information they receive affects decisions or activities that they are legally responsible for.
- Have a process to ensure that improvements are made where poor service is identified.
- Work with service providers to understand and secure any necessary resources to deal with forthcoming legislative or scheme changes.
- Have clear documented procedures in place, to allow a continuous and consistent service if the service provider changes or fails.

### Contract Register and Management

Amelior is the contract database used by Aberdeen City Council to record their procurements (including those of the NESPF). All contracts with a value of £10,000 or above including extension options need to be entered into Amelior. This includes quick quote, direct award, tender, dispensations/exceptions, framework, external framework, mini-comps, call-offs, and service level agreements.

Services must obtain a contract reference number from Amelior at the outset of any procurement with a value of £10,000 or above. Procurement colleagues can assist with this. The Governance Manager also has access to Amelior.

NESPF maintains its own contract register, separate to the ACC contract register. All information relating to a new contract should be shared with the Governance Team for recording and ongoing management in addition to recording on Amelior.

### Poor Performance or Issues

There may be circumstances where it is necessary for the governing body to replace an adviser or service provider. This may include cases where service has been consistently poor or no longer demonstrates good value; or where a contract is not or cannot be renewed. In such circumstances, it would be

appropriate for the governing body to act to ensure that there is no member detriment from their actions. In replacing advisers and service providers, governing bodies should:

1. Consider the interests of the scheme members when replacing the advisers and service provider.
2. Understand the impact of the terms and conditions of contracts, including any fees or penalties, and procedures for releasing relevant information to the governing body and new advisers.
3. Understand the risks associated with transitioning to a new provider and put plans in place to mitigate them.
4. Plan effectively for the transition to a new adviser or service provider, setting out the key steps, actions, decisions, owners, and timescales, including how costs will be met.

Where issues arise during the term of the appointment, Officers should attempt to resolve these informally with the provider in the first instance. However, should issues persist, further advice must be sought from ACC Procurement colleagues on the appropriate next steps.

## Supporting Policies and Regulations

---

This procedure is supported by wider NESPF and ACC policies and procedures, including but not limited to:

- Public Contracts (Scotland) Regulations 2015
- General Data Protection Regulation (GDPR)(EU) 2016/679
- Freedom of Information (Scotland) Act 2002
- Public Procurement Regulations 2016
- Transfer of Undertaking (Protection of Employment) Regulations 2006
- Procurement Reform (Scotland) Act 2014
- NESPF Data Protection Policy
- Conflicts of Interest Policy
- Breaches Policy
- Investment Policy
- Powers Delegated to Officers
- ACC Procurement Regulations and Procurement Manual

## Training

---

All NESPF staff and members of the Committee and Board will receive relevant training and keep this up to date. Those members of staff undertaking procurements will complete the mandatory ACC Learn modules relevant to the level of DPA they require.

## Responsibilities

---

Day-to-day responsibility for the implementation of this policy sits with the Chief Officer-Finance and dedicated staff within the Pensions Team.

The Pensions Committee will review this policy annually, or in the event of any policy revision and taking account of the results from any training needs analysis and emerging issues.

Any questions or feedback on this document should be forwarded to the **Governance Team**:

NESPF  
Level 1, 2MSq  
Marischal Square  
Broad Street  
Aberdeen  
AB10 1LP

Email: [governance@nespf.org.uk](mailto:governance@nespf.org.uk)  
Web: [www.nespf.org.uk](http://www.nespf.org.uk)

### Procurement Thresholds (from 1 January 2024 to 31 December 2025)

These threshold values are used to determine whether a public contract falls within the scope of the Scottish public procurement regulations. These threshold values are updated every two years to ensure they remain aligned to the threshold values set by the World Trade Organisation's Government Procurement Agreement.

#### The Public Contracts (Scotland) Regulations 2015

Supplies & Services (except subsidized services contracts)	
Central Government Bodies	£139,688 (£116,407 ex VAT)
Others	£214,904 (£179,087 ex VAT)

Subsidised Services Contracts	
All bodies	£214,904 (£179,087 ex VAT)

Works	
All bodies	£5,372,609 (£4,477,174 ex VAT)

Light Touch Regime for Services	
All bodies	£663,540 (£552,950 ex VAT)

Small Lots	
Supplies and Services	£70,778 (£58,982 ex VAT)
Works	£884,720 (£737,267 ex VAT)

**The Public Contracts (Scotland) Regulations 2015**

6.-(1) A contracting authority must

- (a) Calculate in accordance with the following paragraphs the estimated value of a contract by reference to the total amount payable under it (regardless of the form of such payment), inclusive of value added tax, where appropriate; or
  - (b) If it is not possible to calculate the estimated value of a contract, take its estimated value to be equal to the relevant threshold mentioned in regulation 5.
- (2) The total amount payable includes the amount payable as a result of the exercise of any form of option and any renewal of the contract as explicitly set out in the procurement documents.
- (3) Where a contracting authority provides for prizes or payments to candidates or tenderers it must take them into account when calculating the estimated value.
- (4) Where a contracting authority is comprised of separate operational units the authority –
- (a) may calculate the estimated value by reference to each such unit where that unit is independently responsible for its procurement; and
  - (b) must calculate the estimated value by reference to the total for all the operational units which are not so responsible.
- (5) A contracting authority must not choose a method to be used to calculate the estimated value of a contract with the intention of excluding the contract from the application of these Regulations.
- (6) A contracting authority must not sub-divide a contract with the effect of excluding the contract from the application of these Regulations unless such sub-division is justified by objective reasons.
- (7) The estimated value must be the value estimated at the moment at which the procurement is commenced.
- (8) In the case of a framework agreement or dynamic purchasing system the estimated value shall be the total estimated value of all the contracts envisaged pursuant to and for the total term of the agreement or system.
- (9) In the case of an innovation partnership the estimated value shall be the total estimated value of the research and development activities to take place during all stages of the partnership together with the estimated value of works, supplies or services to be developed and delivered by the partner.
- (10) In the case of a public works contract the estimated value shall include the total estimated value of any supplies and services that are necessary for executing the works and are to be provided by the contracting authority to the contractor.
- (11) In the case of a public works contract or public service contract to be awarded in the form of separate lots, the estimated value shall be the total estimated value of all such lots.

- (12) In the case of a contract for supplies which may be awarded in the form of separate lots the estimated value shall be the total estimated value of all such lots and these Regulations apply to each lot accordingly where the aggregate value of the lots is equal to or greater than the relevant threshold referred to regulation 5 (thresholds).
- (13) In the case of public supply contracts or public service contracts which are regular in nature or which are intended to be renewed in a given period, the estimated value shall be calculated by reference to –
- (a) the total actual value of contracts of the same type awarded during the period of 12 months or the financial year preceding the proposed award of a further contract but with adjustment of such value, where possible, to take account of the changes in quantity or value which the authority considers likely to occur during the period of 12 months following the award of the contract; or
  - (b) the total estimated value of the successive contracts awarded during the 12 months following the first delivery, or during the financial year where that is longer than 12 months.
- (14) In the case of a public supply contract relating to the leasing, rental, hire or hire purchase of products the estimated value shall be –
- (a) in the case of a fixed term contract for a period of less than or equal to 12 months, the total estimated value of the contract;
  - (b) in the case of a fixed term contract for a period of more than 12 months, the total value including the estimated residual value; and
  - (c) in the case of a contract without a fixed term or the term of which cannot be defined, the monthly value multiplied by 48.
- (15) In the case of a public service contract for a service of a kind mentioned in this paragraph, the estimated value shall be calculated by reference to –
- (a) for insurance services, the premium payable and any other form of remuneration;
  - (b) for banking and other financial services, the fees, commissions payable, interest and any other form of remuneration; and
  - (c) for design contracts, the fees, commissions payable and any other form of remuneration.
- (16) In the case of a public service contract which does not indicate a total price, the estimated value must be calculated by reference to –
- (a) in the case of a contract for a fixed term of less than or equal to 48 months, the total value of the contract for its full term; and
  - (b) in the case of a contract for a fixed term of more than 48 months or a contract without a fixed term, the monthly value multiplied by 48.