

ITEM No ...10.....

REPORT TO: CITY GOVERNANCE COMMITTEE – 17 NOVEMBER 2025

REPORT ON: GLOBAL CUSTODY SERVICES PROCUREMENT (TAYSIDE PENSION FUND)

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 315-2025

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for Global Custody Services and to seek approval to commence a compliant tender process, leading to the award of a Framework contract.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- a) approves the commencing of a procurement exercise in respect of the project described (based on the sourcing strategy summarised in Section 5 this report);
- b) approves the continuation of current contract for an interim period covering 1 January 2026 to 30 June 2026, to allow the requirement to be competed;
- c) remits the Executive Director of Corporate Services to complete a mini-competition exercise, utilising the framework detailed in this report, in compliance with the Public Contracts (Scotland) Regulations 2015; and
- d) note that the outcome of the mini-competition exercise and any recommendation to award this contract will be brought back to Committee in due course

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with this report.

3.2 The outcome of the mini-competition exercise will require further committee approval prior to the contract being awarded. The costs will be met in full by Tayside Pension Fund.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 Dundee City Council are seeking a supplier for the provision of Global Custody Services for Tayside Pension Fund (TPF) for a period of 9 years with 2 contract break points during this period (at the end of years 3 and 6). From previous experience and market testing conducted, the total cost of the contract awarded is anticipated to be approximately £2.025m (approx. £225,000 per annum) over a contract period of 9 years. The current contract which expires in December 2025 shall be extended to 30 June 2026.

A custodian for a pension fund is a financial institution responsible for safely holding and managing the fund's assets. They ensure that investments are securely stored, handle transactions, keep accurate records, and provide regular reports. They function as a trusted third party that protects the pension fund's money and helps ensure everything is properly tracked and compliant with regulations. Their services include:

- Core Custody Services & Safekeeping
- Trade Settlement & Income Collection
- Corporate Actions

- Tax Reclaims, including document completion for clients (including the UK)
- Class Action Recoveries

The custodian also provides investment and ESG performance reporting as well as investment accounting and ONS returns.

4.2 There are no alternative delivery opportunities as this type of service is provided by a limited number of multinational specialist companies. It is also unsuitable for collaboration, as service provision is bespoke to each pension fund, based on their individual circumstances.

4.3 As this is a specialist financial services contract, there are no recognisable community benefits, community wealth building opportunities, or environmental considerations. There are expected economic benefits in the form of bespoke financial services to provide Tayside Pension Fund with compliant safe custody of assets.

5 SOURCING STRATEGY SUMMARY

5.1 Although this contract is for specialist financial services, there is a framework available. This is the Norfolk LGPS Framework Multi-Provider Framework Agreement for the Provision of Global Custody Services. There are a small number of suppliers on this Framework, and it is intended to invite all Framework Suppliers to bid under a mini-competition exercise.

5.2 The expected range of benefits that this contract will deliver is limited as this is a contract for specialist financial services. There are expected economic benefits in the form of bespoke financial services to provide Tayside Pension Fund with compliant safe custody of assets.

6. RISK ANALYSIS

6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Under the Framework agreement, costs are fixed / or price increases, e.g., RPI for the duration.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The overarching Specification is contained within the Framework Contract documents. Dundee City Council's requirements for the compliant safe custody of assets will be clearly set out in the mini-competition documents.
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	The Framework Suppliers have a proven track record in delivering this requirement. The current contract requires to be extended to ensure service coverage.
Contractual Risk – Being able to remedy the shortcomings in the contractor's performance, without severely damaging the contract and avoiding reliance on the contracted supplier as the contract develops.	Framework Service Specification and Contract Conditions provide a structure for monitoring performance. The Framework Call Off procedures are clearly set out for Purchasers undertaking mini-competition exercises.
Legal Risk – where a procurement is found unsound in law, through the public procurement rules	Procurement will be conducted via a legally compliant Framework, in compliance with the Public Contracts (Scotland) Regulations 2015.

7. CONCLUSION

7.1 The information above demonstrates clarity of sourcing strategy for the procurement of services.

8. POLICY IMPLICATIONS

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

9.1 The Council Leadership Team were consulted in the preparation of this report.

10 BACKGROUND PAPERS

10.1 None

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27 OCTOBER 2025

