

**REPORT FOR: PENSION FUND
COMMITTEE**

Date of Meeting: 29 July 2014

Subject: Appointment of Independent Advisers

Responsible Officer: Simon George, Director of Finance and Assurance

Exempt: No

Wards affected: All

Enclosures: None

Section 1 – Summary and Recommendations

This report sets out the background to the proposed appointment of independent advisers to the Committee and recommends accordingly.

Recommendations:

The Committee is recommended to agree to the appointment of Mr Colin Robertson and Mr Richard Romain as independent advisers to the Committee on the terms described in paragraph 10 (fee of £15,000 pa).

Section 2 – Report

1. At their recent meetings the Committee have discussed increasing the advisory resources available to them and a process for making the necessary appointment(s).
2. The role of independent adviser, as agreed by the Committee, was advertised in the Harrow Observer, the Harrow Gazette and on the Council's website on 6 February 2014 with a closing date for applications of 28 February 2014. A copy of the role description is attached as Appendix 1.
3. All members of the Committee were invited to be members of a panel tasked with making a recommendation to the Committee but the then Councillors Romain and Shah asked not to be involved. .
4. Eight candidates applied all of whom are residents of the Borough or have a close affinity to it.
5. The then Councillors Ferry and Ferrari, advised by the Director of Finance and Assurance, met on 8 April 2014 and agreed a shortlist of four candidates who were invited to meet the panel on the evening of 1 May 2014.
6. The interviews were structured as follows:
 - Candidate to explain what he would bring to the role and how he could help the Committee with its work in the future
 - Candidate to argue a case either in favour or against a move to fewer administering authorities and larger funds
 - Questions and general discussion
7. The panel felt that there were two outstanding candidates, Mr Colin Robertson and Mr Richard Romain. The particular skills that each would bring to the Committee were considered to be as follows

Colin Robertson

- Experience at a senior level in the investments / pensions industry
- Practical understanding of liability management
- Knowledge of strategies suitable for long-term investments
- Experience of interacting with Councillors and trustees
- Good understanding of the public service environment and the Local Government Pension Scheme

Richard Romain

- Good understanding of the public service environment and the Local Government Pension Scheme
 - Experience of the Harrow Pension Fund and the practicalities of managing a Fund within the Local Government Pension Scheme
 - Knowledge of strategies suitable for long-term investments
 - Ability to challenge fund managers and advisers
 - Continuity
8. The panel felt that not only did these two candidate offer different skill sets but that they would complement each other thereby offering the prospect of optimum advice.
9. The panel therefore agreed to ask officers to recommend to the Committee the appointment of both Mr Robertson and Mr Romain.
10. The conditions of the appointment would be:
- The appointment will be for three years with the possibility, at the Fund's discretion, to extend for a further two years. The contract may be terminated by the Fund at any time with three months' notice.
 - Subject to reasonable circumstances the successful candidate will be expected to attend all of the Committee meetings which will take place on approximately five occasions during the year and are normally held in the evenings. Additionally he/she will be expected to attend up to ten ad hoc meetings during the year which, occasionally, last for a whole day but, more usually, for a few hours. The total commitment to meetings during the year would therefore be of the order of 7/8 days though it is expected that much more time than this will be spent preparing for meetings and maintaining professional expertise.
 - A fee of circa £15-20,000 pa is payable quarterly in arrears. Attendance at meetings in addition to those mentioned above will be compensated on a pro-rata basis.
11. In addition the Committee agreed that, on appointment, the successful candidate would be asked to obtain Professional Indemnity Insurance at an appropriate level for which the Fund will reimburse the costs.

Financial Implications

12. The recommended expenditure of £30,000 pa would be a charge to the Pension Fund. Regulation 4(5) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 allows the costs, charges and expenses of administering the fund to be paid from it.

Risk Management Implications

13. Risk included on Directorate risk register? No

14. Separate risk register in place? No but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

Equalities implications

15. Was an Equality Impact Assessment carried out? Yes
16. There are no equalities implications beyond those covered in Appendix 1.

Council Priorities

17. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which in turn affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name Simon George



Director of Finance and Assurance

Date: 17 July 2014

Name: Caroline Eccles



on behalf of the Monitoring Officer

Date: 16 July 2014

Ward Councillors notified: NO

Section 4 - Contact Details and Background Papers

Contact: Ian Talbot, Treasury and Pension Fund Manager
0208 424 1450