

REPORT FOR: PENSION BOARD

Date of Meeting: 22 March 2016

Subject: Information Report – Pension Fund
Committee Advisers

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: None

Section 1 – Summary

This report advises the Board of the advisers appointed by the Pension Fund Committee and of their various roles.

For Information

Section 2 – Report

1. At their meeting on 2 November 2015 the Board were advised as follows:

“ the Pension Fund Committee (PFC) and its predecessor, the Pension Fund Investment Panel had co-opted advisers and professional advisers from AonHewitt who had replaced Hymans Robertson. Last year the PFC had appointed two additional advisers. The advisers would be expected to attend four PFC meetings per year, to keep abreast of financial matters and attend other events such as meetings with fund managers. It was noted that the advisers had incorrectly been listed in the report as Financial advisers, which they were not and were not therefore required to be registered with the Financial Conduct Authority. Further information regarding the appointment of the advisers would be circulated to Board members after the meeting;”

2. Further details in respect of the Committee’s advisers / co-optee are as follows:

Investment Consultant – Aon Hewitt Limited

The Council’s contract with Aon Hewitt is described as an “access” or “framework” agreement facilitated by the London Borough of Croydon and dated 2 November 2011.

The Agreement specifies the services available as follows:

Core services

- Review of investment strategy and investment management structure
- Monitoring and reporting of investment managers – producing own quarterly report based on data provided by the measuring company
- Attendance at meetings
- Advising on Statement of Investment Principles
- Attendance at officer meetings
- Advising on the annual pension fund report
- Advising on controlling investment costs including fees and transaction related costs
- Advising on alternative investments
- Advising on Corporate Governance and Socially Responsible Investment policies

Non-core services

- Manager selection
- Custodian selection
- Advising on selection of the performance measurement company

The contract was originally for a period of four years with the option for the Council to extend for up to two years. Whilst, initially, the Panel had concerns over the framework process and subsequently over the change in lead consultant, overall the Panel / Committee and officers had been satisfied with the contract performance and on 1 July 2015 the Committee agreed to extend it for a further two years until 1 November 2017.

Whilst the Council's contract is clearly with the corporate entity of Aon Hewitt, over the years, in consultation with the Council, the lead consultant has changed. It is currently Mr Colin Cartwright.

The contract is subject to a basic monthly charge of £5,400 which provides mainly for the quarterly manager reports and attendance at the Committee meetings with additional agreed further charges for specific projects.

Independent Advisers

After process of advertising, applications and interviews, on 29 July 2014 the Committee resolved to appoint Mr Colin Robertson and Honorary Alderman Richard Romain as independent advisers to the Committee at a fee of £15,000 per annum. The main terms of the contracts are:

- 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 advisers 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 they 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.

Co-optee

On 5 June 2006 the, then, Legal and General Purposes Committee agreed to the appointment of Mr Howard Bluston as a non-voting co-opted member of the, then, Pension Fund Investment Panel. He has held this position ever since.

Financial Implications

3. There are no financial implications arising from this report.

Risk Management Implications

4. There are no risk management implications arising from this report. However, the Pension Fund has its own risk register which includes risks arising in connection with advice received.

Equalities implications

5. There are no direct equalities implications arising from this report.

Council Priorities

6. Whilst the financial health of the Pension Fund and the employer's contribution affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Director of Finance

Date: 25 February 2016

Ward Councillors notified:

NO

Section 4 - Contact Details

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

Background Papers - None