

## **REPORT FOR: Pension Fund Committee**

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<b>Date of Meeting:</b>	7 March 2017
<b>Subject:</b>	Independent Advisers and Co-optee
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

### **Section 1 – Summary and Recommendation**

#### **Summary**

The Committee is asked to consider extending the contracts of its two independent advisers and ceasing the appointment of a co-optee to the Committee.

#### **Recommendations**

The Committee is asked to agree:

- (1) That, in accordance with their current contracts, Honorary Alderman Richard Romain and Mr Colin Robertson be invited to accept an extension of two years up to 28 July 2019 as independent advisers to the Committee.

- (2) That the appointment of a co-optee to the Committee be ceased and no nominee is put forward to Council for such an appointment.
- (3) In view of the service Mr Bluston has given to the Committee and its predecessor over the last ten years the Committee put on record their appreciation.

## **Section 2 – Report**

### **Independent advisers**

1. At their meeting on 29 July 2014, after an extensive application and interview process, the Committee agreed to the appointment of Mr Colin Robertson and the, then, Mr Richard Romain as independent advisers to the Committee on the following principal terms:
  - The appointment will be for three years (29 July 2014 to 28 July 2017) 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 candidates 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 £15,000 pa is payable quarterly in arrears. Attendance at meetings in addition to those mentioned above will be compensated on a pro-rata basis.
2. Both Honorary Alderman Romain and Mr Robertson have carried out their duties with the diligence and professionalism expected and Members, officers, the investment adviser and fund managers have all expressed their appreciation for their contributions. They have both indicated their willingness to accept an extension of two years to their contracts on the same terms covering the period 29 July 2017 to 28 July 2019.

3. It is therefore recommended that in accordance with their current contracts, Honorary Alderman Richard Romain and Mr Colin Robertson be invited by the Committee to accept an extension of two years up to 28 July 2019 as independent advisers to the Committee

## **Co-optee**

4. In June 2006 the, then, Legal and General Purposes Committee agreed to the appointment of Mr Howard Bluston as a non-voting co-optee to the, then, Pension Fund Investment Panel. Since then Mr Bluston has remained in this position (now with the Pension Fund Committee). Over the years Mr Bluston has provided a valuable service to the Committee and its predecessor not least through being a continuous presence during periods of change.
5. As discussed above, the Committee now has in place two well-established independent advisers in addition to the “professional” investment adviser, Aon Hewitt. The Committee is clearly well-served for advice and the need for a co-optee is not as great as it once was. Additionally, there is clearly a limit to the number of “advisory” viewpoints which the Committee can be expected to consider.
6. The position of a co-optee to one of the Council’s committees is generally subject to annual renewal by a “parent” Committee or the Council. However, the terms of reference of the Committee include exercising on behalf of the Council “all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund save for those matters delegated to other Committees of the Council or to an Officer.” Assessing the support it requires from non-Councillors is clearly within this remit.
7. Taking into account the previous comments about the Committee being well served for advice, and the recommendation in place to ensure consistency of advice over the next couple of years, it seems an appropriate time to review the position of co-optee to the Committee and whether such a position is required moving forward. The Committee is therefore asked to agree to ceasing the appointment of a co-optee to the Committee.
8. In view of the service Mr Bluston has given to the Committee and its predecessor over the last ten years the Committee are invited to put on record their appreciation.

## Financial Implications

9. The recommended expenditure of £30,000 pa for the two independent advisers would be a charge to the Pension Fund. Regulation 4(5) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 allows the costs, charges and expenses of administering the fund to be paid from it.

## Risk Management Implications

10. The risks arising from “advisory” performance are included in the Pension Fund risk register.

## Equalities implications

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

## Council Priorities

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

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Director of Finance
Date: 22 February 2017		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 February 2017		

**Ward Councillors notified:** NO

## **Section 4 - Contact Details**

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

**Background Papers** – None.