

**Report for: Pension Fund
Committee**

Date of Meeting:	29 March 2023
Subject:	Competition and Markets Authority Order - Setting Investment Consultant Objectives
Responsible Officer:	Dawn Calvert – Director of Finance and Assurance
Exempt:	No
Wards affected:	Not applicable
Enclosures:	Appendix 1: Investment Consultant Objectives (Aon)

Section 1 – Summary and Recommendation

This report provides a review of the Investment Consultant Objectives as required by the Competition and Markets Authority Order.

Recommendation:

The Committee is requested to consider and comment upon the Investment Consultant's Objectives.

Section 2 – Report

1. In 2018 the Competition and Markets Authority, ("CMA") reported on its review of the investment consultant and fiduciary management markets. Following this review, CMA issued an Order which requires Pension Fund Trustees, (including the Local Government Pension Scheme):
 - to set objectives for their investment consultants closely linked to the pension scheme's strategic objectives.
 - the objectives to be reviewed at least every three years and after a significant change to the investment strategy.

- the performance of the investment consultant should be reviewed annually.
2. Aon were re-appointed as the Fund's Investment Consultants in 2018. The contract was recently extended by one year and expires in January 2024. The CMA Order took effect from 10 December 2019, and the Committee reviewed and set objectives for Aon at its meeting on 18 December 2019. It is therefore appropriate to review those objectives.
 3. Aon provides regulated investment consultancy services, and hence the CMA Order applies to their contract. As a reminder for the Committee, the role of the independent advisers is to provide an independent perspective and to use their expert knowledge to inform the debate on the issues in front of the Committee. Hence the contracts with our independent advisers fall outside of the scope of the order.
 4. Aon have provided a summary of the objectives and of the work they have carried out to meet those – this is attached at **Appendix 1**. The Committee is asked to consider the objectives and review thereof, and to comment on whether the objectives remain appropriate for the coming year.

Legal Implications

5. There are no direct legal implications arising from this report.
6. The Pension Fund Committee has the following powers and duties:
 - i. to exercise 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 (the fund), save for those matters delegated to other Committees of the Council or to an Officer;
 - ii. the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
 - iii. to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
 - iv. to establish a strategy for the disposition of the pension investment portfolio; and
 - v. to appoint and determine the investment managers' delegation of powers of management of the fund;
 - vi. to determine cases that satisfy the Early Retirement provision under Regulation 26 of the Local Government Pension Scheme Regulations 1997 (as amended), and to exercise discretion under Regulations 8 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended, subject to the conditions now agreed in respect of all staff, excluding Chief Officers;

- vii. to apply the arrangements set out in (vi) above to Chief Officers where the application has been recommended by the Chief Executive, either on the grounds of redundancy, or in the interests of the efficiency of the service, and where the application was instigated by the Chief Executive in consultation with the leaders of the political groups.

Financial Implications

7. There are no immediate financial implications arising from the report. However, once the reporting requirements are defined and incorporated into Regulations, there will be a cost in compiling the relevant information. These costs will be met from the Pension Fund.

Risk Management Implications

8. The Pension Fund's Risk Register is reviewed regularly by the Committee. The most recent review was considered at the 23 November 2022 meeting of the Committee.
9. There are no specific risk management implications arising from this report.

Equalities implications / Public Sector Equality Duty

10. Was an Equality Impact Assessment carried out? No
11. There are no direct equalities implications arising from this report.

Council Priorities

12. The performance of the Pension Fund 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

Statutory Officer: Dawn Calvert
Signed by the Chief Financial Officer
Date: 10/03/2023

Statutory Officer: Sharon Clarke
Signed on behalf of the Monitoring Officer
Date: 11/03/2023

Chief Officer: Dawn Calvert
Signed on behalf of the Chief Executive
Date: 10/03/2023

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager
Email: Jeremy.randall@harrow.gov.uk
Telephone 020 8736 6552

Background Papers: None