

Report to: **Pension Committee**

Date: **29 September 2015**

By: **Chief Operating Officer**

Title: **Investment Consultancy, Actuarial and Benefit Consultancy Services.**

Purpose: **The Committee to consider the appointment of service provider(s) regarding Investment Consultancy Services, and Actuarial and Benefit Consultancy Services.**

RECOMMENDATIONS

The Pension Committee is requested:

- 1) to note the report and agree nominations in respect of the Appointments Panel members; and**
 - 2) to decide if it wishes to delegate the decision to the Appointments Panel or receive a report from them.**
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1. Introduction

1.1 All LGPS Funds are required to seek professional advisors, including the appointment of a suitably qualified Actuary. Hymans Robertson are currently contracted to provide Investment Consultancy, Actuarial and Benefit Consultancy services to the East Sussex Pension Fund, and appointed as the East Sussex Pension Fund Actuary.

1.2 The Pension Fund's currently has few third party service providers including-

Description	Service	Contract end date
State Street Previously WM	Performance measurement firm	31 December 2015
Hymans Robertson	Investment Consultancy	30 November 2015
Hymans Robertson	Actuarial and Benefit Consultancy	30 November 2015
William Bourne	Investment Advisor	31 December 2016*

*6 months notice

1.3 The actuary (Hyman Robertson's) services include -

- The actuary's main functions include but not limited to:
 - Triennial actuarial valuation of the fund;
 - Certification of the contributions payable;
 - Certification of individual transfers;
 - Certification of bulk transfers for new admitted and scheduled bodies;
- Investment consultancy services include but not limited to:
 - Review of asset allocation, investment strategy/management structure;
 - Working with the Fund Actuary to undertake asset liability modelling as required;
 - Monitoring and reporting of investment managers and producing quarterly reports based on data provided by the performance measuring company or incorporating other third party reporting as may be required in a cost effective manner
 - Attendance at meetings as required;
 - Providing training to Members and officers as required, etc.

1.4 The Fund now needs review all its exiting ongoing service providers contact and also to appoint an investment, actuary and benefit consultant to support the Fund and its employers through the next triennial valuations.

2. National LGPS Procurement Framework

2.1 Ordinarily this would require the Fund to undertake a full EU procurement exercise. However, the fund will be using an established EU compliant National LGPS Frameworks to access the Investment Consultancy, Actuarial and Benefit Consultancy Services. The framework agreement provides a much quicker, more efficient, fully EU compliant procurement route for the appointment of investment, actuarial and benefit consultancy services provider. In the officers view all the leading firms who cover these areas are included in the framework.

2.2 The National LGPS Framework (press release attached as Appendix 2) will significantly reduce the time and cost associated with procurement by offering a facility that has already been competitively tendered. The frameworks can reduce procurement timescales from six to nine months to as little as four to six weeks, with significant reduction in procurement costs.

- Service Providers on the *Actuarial and Benefit Consultancy Services* framework include -
 - AON Hewitt
 - Barnett Waddingham
 - Hymans Robertson LLP
 - Mercer Limited
 - Price Waterhouse Coopers LLP
- Service Providers on the *Investment Consultancy Services* framework include –
 - Aon Hewitt
 - Deloitte Total Reward and Benefits
 - Hymans Robertson LLP
 - JLT Consulting
 - Mercer Limited

3. Key Appointment

3.1 The appointments of an Investment Consultant and an Actuary are key appointments for the Fund. The quality and timely provision of these services is critical to the Fund because the advice delivered often relates to sensitive situations for the Fund, Members, and participating employers. Many of the actuarial outputs are provided direct to Fund employers and therefore the reporting reflects directly on our relationship with those stakeholders. A summary of the procurement process and timeline for this contract is attached as Appendix 1.

4. Appointments Panel

4.1 Appointments Panel will be required to oversee the selection and appointment of service provider(s) regarding Investment Consultancy Services, and Actuarial and Benefit Consultancy Services. Members of the Panel will need to satisfy themselves as to the suitability of service providers and ensure a fair, open, and transparent appointments process that produces a quality outcome.

4.2 The Panel will report appropriately on the appointments made to the Pension Committee. It is envisaged that the Panel operate selection processes as a panel of two members, plus officers including the Chief Finance Officer. Alternatively the committee may wish to delegate the decision to the Panel.

5. Conclusion and reasons for recommendations

5.1 The Committee is requested to note the report and agree nominations in respect of the Appointments Panel.

KEVIN FOSTER

Chief Operating Officer

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None