

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>AVON PENSION FUND COMMITTEE</b>	
MEETING DATE:	<b>27 MARCH 2015</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>INVESTMENT AND ACTUARIAL ADVISORY CONTRACTS</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Exempt Appendix 1 – Summary of Appointment Decisions		

## **1 THE ISSUE**

- 1.1 The Fund has separate contracts for actuarial and investment consultancy advice. Both these contracts expire 31 March 2015.
- 1.2 The South West funds set up a collaborative Actuarial and Investment Advice Framework in 2011 and the Fund has tendered under this framework.
- 1.3 The government is keen for LGPS funds to collaborate on procurement and use of framework agreements is becoming more common as funds seek to manage costs.

## **2 RECOMMENDATIONS**

### **That the Committee:-**

- 2.1 Notes the following appointments
  - (1) Mercer Investment Consulting as the Fund's Investment Consultant
  - (2) Mercer Limited as the Fund's actuary

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The provision of these services will incur charges that are provided for in the annual budget. The costs for investment advice will be determined by the strategic work required by the Committee as well as ongoing monitoring of the investment portfolio and managers. The costs for actuarial work will depend on the actuarial cycle and the work required to support officers and employers during the cycle. Significant employer specific work is also undertaken by the actuary, the majority of which is rechargeable to the employer.

### **4 TENDER PROCESS**

- 4.1 The South West framework contract for actuarial, benefits and investment services was tendered under OJEU process in 2011. The Framework is divided into 3 “lots”, one for investment consultancy services, one for actuarial services and one for benefits. The Fund used the investment lot and combined the actuarial and benefits lots for the actuarial tender.
- 4.2 Under the framework, the Fund has the facility to appoint other consultants from the “lots” as and when they wish to. None of the contracts the Fund enters into with its advisors will restrict the Fund’s use of other providers.
- 4.3 Given the time that has passed since the South West Framework was established, all the eligible participants on the framework were invited to tender under a mini-competition so that the Fund could re-assess each firm’s capabilities and resources available to deliver the service required. In addition the tender enabled the evaluation to focus on aspects of service delivery most relevant to the Fund at this point in time.
- 4.4 Officers initially evaluated the tender responses. Each firm that tendered was invited to a clarification meeting following which the appointment decision was made.
- 4.5 The contracts will be for five years with maximum two year extension.
- 4.6 Exempt Appendix 1 provides a brief summary of the decisions.

### **5 RISK MANAGEMENT**

- 5.1 A key risk to the Fund is that the investment and funding strategies fail to deliver the outcome required to meet the Fund’s future liabilities. The ability of the Committee and officers to access expert advice is part of the process to manage this risk

### **6 EQUALITIES**

- 6.1 An equalities impact assessment is not necessary.

### **7 CONSULTATION**

- 7.1 N/a

- 7.2

## **8 ISSUES TO CONSIDER IN REACHING THE DECISION**

8.1 For information only.

## **9 ADVICE SOUGHT**

9.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Business Support) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Liz Woodyard, Investments Manager 01225 395306
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	