

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	16 March 2012	AGENDA ITEM NUMBER
TITLE:	INDEPENDENT MEMBERS & INDEPENDENT INVESTMENT ADVISOR	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1		

1 THE ISSUE

- 1.1 Independent Members have been appointed to the Avon Pension Fund Committee following changes to the Committee's constitution in 2006. The current four year term of the Independent Members will expire in 2013.
- 1.2 The Independent Investment Advisor was appointed in 2009 for a three year term that expires in 2012.
- 1.3 This report sets out the process for re-appointment to both roles.

2 RECOMMENDATION

That the Committee:-

- 2.1 Notes the arrangements for the appointment of the Independent Members set out in paragraph 4.6.
- 2.2 Agrees to extend the current term for the Independent Investment Advisor to November 2013.

3 FINANCIAL IMPLICATIONS

3.1 The three year budget includes the cost of the Independent Members and Independent Investment Advisor. Also included are the recruitment costs that may arise at the end of the set terms.

4 INDEPENDENT MEMBERS

4.1 Since 2006 the Avon Pension Fund Committee's constitution provides for two Independent Members with voting rights on the committee.

4.2 The rationale for appointing Independent Members is:

- (1) To provide continuity on the committee over the electoral cycle
- (2) To bring broader financial / investment knowledge and experience to the committee

4.3 The current Independent Members were initially appointed for 2½ years to June 2009 (in order for the next four year term to end in the middle of the electoral cycle) and then reappointed for a second term which ends in June 2013.

4.4 The Fund faces significant challenges in the next 1-2 years, including the introduction of the new scheme, the 2013 valuation, and the review of investment strategy (to begin in 4Q12). Therefore to maintain continuity of knowledge over this period the Independent Members will be permitted to sit for a further term.

4.5 Officers have canvassed the incumbent Independent members as to whether they would consider standing for a further term. One has confirmed they are interested in continuing and the other intends to stand down once the current term expires.

4.6 Therefore, the Chair and Vice-Chair, in consultation with officers, will arrange for the appointment process to recruit a new Independent Member which will commence later in 2012.

5 INDEPENDENT INVESTMENT ADVISOR

5.1 The role of the Independent Advisor is to advise Committee Members to ensure that they are given full and relevant investment advice and, when required, to assist the Committee in challenging the advice received from investment consultants and officers.

5.2 The current three year term of the Independent Investment Advisor will end 31 October 2012. The contract is then due for renewal. However, due to the challenges outlined in 4.4 above, it is recommended that the current term is extended for one year to 31 October 2013 before the contract is formally reviewed.

6 RISK MANAGEMENT

6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place, which includes ensuring that expert advice is provided where required. It discharges this responsibility by ensuring the Fund has appropriate investment and funding strategies that are regularly monitored. In addition it monitors the

benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

7 EQUALITIES

7.1 This report is for information only.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 N/a

10 ADVICE SOUGHT

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

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Background papers	
Please contact the report author if you need to access this report in an alternative format	