

## **Pension Fund Committee**

Meeting to be held on 15 April 2011

|                                      |
|--------------------------------------|
| Electoral Division affected:<br>None |
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### **Appointment of Consultancy Bench**

Contact for further information:

George Graham, (01772) 538102, County Treasurer's Department,

[George.graham@lancashire.gov.uk](mailto:George.graham@lancashire.gov.uk)

#### **Executive Summary**

The Pension Fund Committee approved the tendering for a bench of specialist investment consultants at its meeting on 26 March 2010. A full procurement process was run in consultation with the County Council's Procurement Team.

The respondents to the tender all passed the Pension Fund's pre-qualifying criteria and it is proposed that a Specialist Consultancy Bench with three sections; Asset Allocation, Investment Manager Selection and Liability Asset Management be set up with six to eight members on each section.

When the Fund needs the services of an investment consultant, the Fund will run a mini-competition amongst the members of the relevant section to obtain the best advice, ideas and price, rather than relying on the services of a generalist consultant. The Bench is also constructed in such a manner as to encourage members of the Bench to contribute pro-actively original ideas, which the Fund can then develop for its benefit.

#### **Recommendation**

The Committee is asked to approve the appointment of the Specialist Consultancy Bench as set out in the report.

#### **Background and Advice**

The Pension Fund has used the services of a general investment consultant for many years. It was decided to set up a bench of specialist investment consultants to enable the Pension Fund to access a range of specialist consultants and to encourage the appointed consultants to be more pro-active in developing new ideas, which would benefit the Fund. It is proposed that the consultancy bench comprises three sections or lots, namely Asset Allocation Strategy, Investment Manager Selection and Liability Asset Management.

The procurement process was run by the County Council's Procurement Team and Pension Fund staff with the help of an experienced pension fund consultant, who was appointed to help draft appropriate questions for the tender documentation.

Eleven consultancy firms responded to the invitation to tender. The respondent firms all passed the Pension Fund's pre-qualifying criteria. The firms, which responded, were of a range of different sizes and specialisms and as such it is proposed that all be accepted on to the Consultancy Framework. This produces three sections to the Consultancy bench, each with six to eight members as follows:

| <b>Firm</b>                               | <b>Asset Allocation</b> | <b>Manager Selection</b> | <b>Liability Asset Management</b> |
|---|-------------------------|--------------------------|-----------------------------------|
| Pensions First Limited                    | X                       |                          | X                                 |
| Redington Limited                         | X                       |                          | X                                 |
| Allenbridge Group plc                     | X                       | X                        | X                                 |
| AEGON Asset Management                    | X                       |                          |                                   |
| Bfinance UK Limited                       |                         | X                        |                                   |
| Hymans Robertson LLP                      | X                       | X                        | X                                 |
| Mercer Limited                            | X                       | X                        | X                                 |
| Institutional Investment Advisors Limited |                         | X                        |                                   |
| Russell Investments Limited.              | X                       | X                        |                                   |
| Xafinity Consulting Limited               |                         |                          | X                                 |
| Cardano Risk Management                   | X                       |                          | X                                 |

This will provide access to a broader range of specialist expertise to support the Investment Panel and as such the Committee are recommended to approve the setting up of the Consultancy Bench.

### **Consultations**

Alan Course (external consultant) and the County Council's Procurement Team.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The specialist consultancy bench will provide the Investment Panel with access to a greater level of specialist advice, which at the same time; will promote the development of new ideas for the Fund. This will strengthen the advice available to the Fund, and is an important element of the strategy for managing the Fund's assets and liabilities to minimise risk whilst maximising both securing of capital and return.

## **Financial**

The specialist consultants will enable the Investment Panel to manage the Pension Fund assets and liabilities more effectively.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

| Paper | Date | Contact/Directorate/Tel |
|-------|------|-------------------------|
|-------|------|-------------------------|

N/A

Reason for inclusion in Part II, if appropriate

N/A