

Report to : PENSION FUND MANAGEMENT/ADVISORY PANEL

Date : 18 October 2019

Reporting Officer : Sandra Stewart, Director of Pensions
Tom Harrington, Assistant Director of Pensions (Investments)

Subject : SETTING OBJECTIVES FOR INVESTMENT CONSULTANTS

Report Summary : At the end of 2018, the Competition and Markets Authority (“CMA”) published its report following a review of the investment consulting and fiduciary management markets. Earlier this year, following on from this review, the CMA issued an Order stipulating that Pension Committees should set objectives for their investment consultants by no later than 10 December 2019.

John Dickson of Hymans Robertson to attend and present a report entitled ‘Setting objectives for investment consultants’. A copy of the report is attached at **Appendix 10A**.

Recommendation(s) : To delegate, to the Director of Pensions, the setting of detailed objectives for the Fund’s investment consultant (Hymans Robertson) by 10 December 2019, such detailed objectives being in line with the broad framework as set out in the Hymans report.

Links to Core Belief Statement: This report has been prepared in accordance with the Core Belief Statement, Sections 1 – “Investment governance”, and in particular in accordance with paragraph 1.2 :

- “Investment consultants, independent advisors and officers are a source of expertise and research to inform Management Panel decisions.”

Financial Implications : Maintaining a low, stable employer contribution rate is dependent upon good absolute and relative performance from the Fund’s investments. Appropriate governance arrangements are essential to achieving this objective.

(Authorised by the Section 151 Officer)

Legal Implications : The CMA has established that those subject to the new requirements should report on their compliance on an annual basis. This covers both the adherence to setting objectives for consultants and assessing the extent to which investment consultants are on track to meet those objectives. The Ministry for Housing, Communities and Local Government is expected to clarify how the CMA requirements will translate to the LGPS.

(Authorised by the Solicitor to the Fund)

Risk Management : Routine investment monitoring and consideration of investment issues facilitates timely action to address investment under-performance and changes in the world economic environment.

Good governance goes hand in hand with good performance within a well managed decision making framework.

ACCESS TO INFORMATION :

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers :

Appendix 10A	Setting objectives for investment consultants'
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Any enquiries should be directed to: Abdul Bashir, Investments Manager, on 0161-301 7154 (email: abdul.bashir@gmpf.org.uk).