

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
10 March 2016

Reappointment of Actuarial/Benefits Services and Investment Advisory Services

Purpose of the Report

1. The purpose of this report is to consider the extension of the call-off contract period for both Actuarial/Benefits Advisory Services and Investment Advisory Services.

Background

2. Back in 2011, with the agreement of this Committee, officers worked with six other South West funds to tender the contracts for actuarial, benefits and investment services.
3. A framework was set up running for 7 years, covering two valuation cycles. The framework was split into 3 lots; Lot 1 – Actuarial Services, Lot 2 – Benefits Consultancy and Lot 3 – Investment Advice.
4. Wiltshire Pension Fund appointed Hymans Robertson for Lots 1 & 2 and after a mini competition exercise Mercers were appointed for Lot 3. The call off- contracts were originally for a period of 4 years with an option to extend for a further period. The Hymans Robertson possible extension is for 3 years, whereas the Mercers extension is for 3 years 11 months.

Main Consideration for Committee

Actuarial & Benefits Services

5. Long standing business relationships are very important for these services particularly in relation to the actuarial work. It can take an actuary a considerable amount of time to really get to know the detail of a Fund. The Fund has used Hymans Robertson for a number of years and has been very satisfied with the services received.
6. Officers annually review the performance of the actuary as part of the South West Framework along with its other clients. An annual meeting is held to review this consolidated feedback and the monitoring of performance of Hymans Robertson against the key KPIs outlined in the contract. Feedback is then provided to the provider. To date there has been no significant issues with the service.
7. As 2016 is also a valuation year, operationally this would not be an ideal time to change actuary unless there was a material issue with their service provision.
8. Therefore officers would recommend the continuation of the contract for the remaining period.

Investment Services

9. Following a mini competition exercise in 2012 Mercers were appointed as the retained advisor to Committee. This was a change in provider, as previously the Fund also obtained this service from Hymans Robertson. Potential conflicts of interest were a key consideration for the Fund at the time of appointment and by changing adviser this possible conflict was removed.

10. Jo Holden has been the lead advisor from Mercers and is a well-known and respected advisor within the LGPS arena. The Fund has been very satisfied with the services received from Mercers.
11. Again, officers annually review the performance of the investment adviser as part of the South West Framework along with its other clients. An annual meeting is held to review this consolidated feedback and the monitoring of performance of Mercer against the key KPIs outlined in the contract. Feedback is then provided to the provider. To date there has been no significant issues with the service.
12. The performance of the Fund has also improved over the period; the WM universe as at 31 December 2015 put the Fund in the 28th percentile on a 3 year period.
13. Therefore officers would recommend the continuation of the contract for the remaining period.

Financial Considerations & Risk Assessment

14. The Framework ensures costs reflect market rates and the original joint procurement ensured the South West funds benefited from the potential economies of scale. A number of the standard services in each lot are 'commoditised' for pricing with cost increases restricted to those set out in the tender for the duration of the Framework. The Fund also benefits from the Framework discounts where more than one client uses the supplier. Actual cost savings are monitored by the Environment Agency as the contract progresses.
15. The Framework provides 'value for money' in terms of obtaining the best advice at the right price to enable the Fund to provide excellent services to its customers, in accordance with the Wiltshire Pension Fund Business Plan.
16. The Framework is no commitment to guaranteed levels of work. Any contract can be terminated or another supplier approved under the Framework. This is a major benefit which reduces the procurement burden, particularly in officers' time.
17. The services provided as a result of this tender link directly back to risk reduction measures in the Fund's risk register (eg. Failure to comply with regulations, lack of expertise amongst officer/members, over reliance on key officers, etc).

Legal Implications

18. The contract terms and conditions of all suppliers on the framework were agreed in 2011.

Environmental Impact of the Proposals

19. This is no environmental impact of these proposals.

Safeguarding Considerations / Public Health Implications / Equalities Impact

20. None have been identified as arising directly from this report.

Proposals

21. The Committee is asked to agree for the continuation of the call off contracts with Hymans Robertson as provider of Actuarial & benefits services and with Mercer as provider of Investment Services.

MICHAEL HUDSON
Treasurer to the Pension Fund

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Unpublished documents relied upon in the production of this report:

NONE