

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
01 December 2011

REVIEW OF CORPORATE GOVERNANCE ARRANGEMENTS

Purpose of the Report

1. The purpose of this report is to update Members on the current review being undertaken on the Wiltshire Pension Fund's Corporate Governance arrangements.

Background

2. The Corporate Governance arrangements of the Fund were last reviewed in November 2008. At that time the Committee agreed to contract with PIRC (Pensions & Investment Research Consultants Ltd) to provide a global service with a standard voting policy, including the provision of company research, reporting and casting of votes. As the current contract is due to expire on 11th January 2012 procurement regulations require this contract to be retendered.
3. A complementary report was also taken to the February 2009 Committee where it was agreed to continue with PRIC's standard voting policy rather than develop a bespoke voting policy specific to the Fund.

Consideration for the Committee

4. To ensure the Fund is achieving best value it is now an appropriate time to seek quotations from relevant suppliers in the market for the provision of a voting policy, company research prior to AGM's and EGM's, vote delivery, vote monitoring, identifying ESG risk and company engagement.
5. Due to the limited number of potential suppliers, the Fund is currently undertaking a 'Request for Quotation' procurement for a 2 year contract.
6. In line with the Council's Contract Regulations for contracts between £25,001 and £100,000 a Request for Quotation document has been issued to five suppliers.
7. Submissions are due to be returned by 28th November 2011.
8. This is a relatively low risk contract so it is proposed that the evaluation of these submissions will be undertaken by officers with the final decision referred to the Chairman and Vice Chairman for approval. The successful supplier will then be notified in mid December 2011 to ensure the award of contract on 12 January 2012.

Environmental Impact of the Proposals

9. It is generally accepted that companies that have good Corporate Governance arrangements perform better, which translates into increased financial value for the Fund. The Fund's current Corporate Governance policy is for PIRC to provide guidelines to all our equity investment managers including pooled funds. If the investment managers wish to vote contrary to PIRC guidelines they must notify officers in advance, and if agreed, they must disclose it within their quarterly monitoring report.

Risk Assessment

10. The award of this contract ultimately assists in ensuring the activities of the companies the Fund invest in enhance long term shareholder value which helps to mitigate risk PEN007 ***Significant rises in employer contributions due to poor / negative investment returns*** shown on the risk register elsewhere on this agenda and ensures the Fund encourages good corporate governance in those companies in which it invests.

Financial Considerations

11. The financial costs will be considered as part of the evaluation process and scored appropriately based on a 30% fee / 70% quality basis.

Reasons for Proposals

12. To update Members on the current review of the Fund's Corporate Governance arrangements and to request the decision concerning the new appointment be delegated to officers with approval from the Chairman and Vice Chairman.

Proposal

13. The Committee is asked to:

- a) Note the current review being undertaken of the Corporate Governance Arrangements, and
- b) To delegate the decision regarding the appointment for the term of the new contract to officers following approval by the Chairman and Vice Chairman.

MICHAEL HUDSON
Interim Chief Finance Officer

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Unpublished documents relied upon in the production of this report: None