

WILTSHIRE PENSION FUND COMMITTEE
28 February 2007

BUSINESS UPDATE

Background & Purpose of the Report

1. This report updates Members on two matters which they have previously considered, notably the appointment of a new global custodian and the admission of new employer bodies.

Main Considerations for Members

Global Custodian

2. At its meeting on 14 November 2006, the Committee resolved to:
 - a) *To note the current position in relation to the tendering of a contract for a Global Custodian.*
 - b) *To delegate the responsibility for the final decision to the Acting County Treasurer, after consultation with the Chairman.*
3. The 7 tender submissions were analysed during October/November 2006 and meetings were held with these bidders on 30 November/1 December 2006. With one exception, the tenders were all extremely competitive on both quality and value for money grounds, which is demonstrated by the fact that the marks of the top 6 bidders were within less than 5% of each other.
4. The winner was ABN AMRO Mellon (AAM) and they were appointed as preferred bidder on 8 December 2006, following consultation with the Committee Chairman. Key attractions of AAM included their IT platform, their enthusiastic professional approach and the value for money of their bid.
5. Since then, following a due diligence visit to their offices and the obtaining of three satisfactory references, we have concluded a Custody Agreement with AAM and the assets transferred to their custody on 1 February 2007. Officers are now working with AAM to set up IT access, the stock-lending programme and our reporting requirements.

Admission of New Employer Bodies

6. On 20 February 2006, Members resolved to
 - a) *To delegate responsibility for approval of admission agreements with transferee admission bodies to the County Treasurer.*
 - b) *To agree that no new admission agreements will be made with potential community admission bodies employing fewer than 10 employees.*
 - c) *To note that applications for admission from potential community admission bodies employing 10 or more employees would continue to be submitted to the Committee for approval.*
7. I felt it appropriate to update Members on the use of delegated powers to admit transferee bodies to the Fund. Transferee bodies are those where there is a transfer of staff from an existing employer within the Fund, typically to a private sector company or

charitable organisation where the outsourcing employer acts as guarantor to the Pension Fund under the Local Government Pension Scheme (LGPS) Regulations.

8. Admissions of this type in the last 12 months have been:

- ABM Catering - in respect of a transfer of a small number of staff from Wiltshire College
- Capita Group – in respect of a transfer of up to 350 staff from Swindon Borough Council
- Corsham Area Development Trust – in respect of a transfer of a couple of staff from North Wiltshire District Council. Although this organisation is a Transferee body in spirit, under the letter of the LGPS Regulations it has had to be admitted as a Community Admission Body. A report on anomalies of this nature and other admission issues will be brought to a future meeting.

Financial Implications and Risk Assessment

Global Custodian

9. The cost of custody and related services will be approximately halved as a result of the letting of this contract (see Agenda Item 15 for more details).
10. The contract that has been negotiated with ABN AMRO Mellon minimises the Fund's risk as far as possible, including in the light of the recent announcement of the merger of Mellon Bank with the Bank of New York.

Admission of New Employer Bodies

11. There is no direct financial cost to the Fund as a result of the admission of Transferee employer bodies, except the cost of officer time in setting them up.
12. The risk to the Fund of Transferee admissions is minimised by the guarantee that is typically obtained from the local authority that is making the staff transfer.

Environmental Impact of the Proposal

13. None.

Proposal

14. The Committee is asked to note:
- a) the successful letting of a contract for custody and related services to ABN AMRO Mellon with effect from 1 February 2007; and
 - b) the admission of ABM Catering, Capita Group and Corsham Area Development Trust to the Wiltshire Pension Fund.

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

64/2007/WPF/DB