

PENSIONS COMMITTEE - 23 NOVEMBER 2005

APPOINTMENT OF INVESTMENT ADVISOR

SUMMARY

This report informs the Committee that the current independent advisor on investment matters Mr Mike Reid has taken early retirement. As the current agreement expires on 31 March 2006 it is proposed that Mr Reid's nominee at Mercer Investment Consulting, Ms Fiona Dunsire takes his place until the end of the agreement. A tendering exercise will then be undertaken for the future.

RECOMMENDATIONS That

1. Ms Fiona Dunsire, of Mercer Investment Consulting, replace Mr Mike Reid as independent advisor on investment matters to the Pensions Committee until 31 March 2006 on existing terms and conditions.
2. A tendering exercise be undertaken to recruit an investment advisor for a period of three years, commencing 1 April 2006.
3. The orders of reference and delegated powers of the Manager Appointment Sub-Committee be extended to include the appointment of the Investment Advisor.

1. Introduction

The current agreement with Mr Mike Reid to act as independent advisor on investment matters in relation to the Council's Pension Fund expires on 31 March 2006. However, Mr Reid has taken early retirement on health grounds and is not able to fulfil the remainder of the agreement. He has nominated a fellow advisor from Mercer Investment Consulting, Ms Fiona Dunsire, as his replacement. Ms Dunsire works from Mercer's London office. Officers and some Members met Ms Dunsire at the briefing on private equity and hedge funds in October, and it is suggested that she be formally agreed as investment advisor until 31 March 2006 to ensure continuity on the asset liability study.

2. Tender Exercise

There is a legal requirement for the Council to seek proper advice on investment matters. It is therefore suggested that a tender exercise be undertaken to recruit an investment advisor for a further period of three years from 1 April 2006.

Specialist advice is required for this highly complex area. A specification for the services required will be drawn up and an advert placed in an appropriate professional pensions publication. It is suggested that officers process the applications and carry out a shortlisting exercise in order to put forward two advisors

for Members to consider for appointment. The powers of the Manager Appointment Sub-Committee could then be extended to include this appointment, so as to avoid the whole Committee meeting again just on this issue.

3. Summary of Financial Implications

The fee for the investment advisor is met from the Pension Fund, and any administrative costs of the selection process will also be charged to it.

4. Summary of Other Implications

This is mainly a financial report and does not give rise to any particular other implications.

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