

Croydon Council

For General Release

REPORT TO:	Pensions Committee 5 November 2019
SUBJECT:	The Investment Consultancy and Fiduciary Management Market Investigation Order 2019
LEAD OFFICER:	Nigel Cook, Head of Pensions Investment and Treasury
CABINET MEMBER:	Councillor Simon Hall
WARDS:	
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON: Sound Financial Management: This report forms a component of the governance arrangements for the stewardship of the Pension Fund. To contribute towards retaining workforce through provision of an attractive pension scheme.	
FINANCIAL IMPACT There are no direct financial implications although ultimately non-compliance can result in fines.	

1. RECOMMENDATIONS

1.1 To delegate to the Director of Finance, Investment and Risk / Section 151 Officer in consultation with the Pension Committee Chair and Vice-Chair authority to agree final Strategic Objectives in relation to the provision of Investment Consultancy Services as required by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019

2. EXECUTIVE SUMMARY

2.1 This report informs members of the steps to be taken to ensure compliance with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019

3. DETAIL

3.1 The Competition and Market's Authority (CMA) have published the Investment Consultancy and Fiduciary Management Market Investigation Order 2019, henceforth the Order, placing new obligations on service providers and pension schemes with regard to Fiduciary Management (FM) and Investment Consultancy (IC) Services. This Order comes into effect 10 December 2019.

From that date it prohibits Pension Scheme Trustees (including LGPS scheme managers) from entering into a contract or continuing to obtain IC Services without setting strategic objectives for the IC Provider.

- 3.2 Officers will work with Mercer, the Croydon Pension Fund investment advisors and Investment Consultancy providers to draft a set of objectives to allow the Council to be compliant with this Order. This report recommends that the decision to finalise these objectives be delegated to the Director, Finance, Investment and Risk, Section 151 Officer in consultation with the Pension Committee Chair and Vice-Chair.

4. CONSULTATION

- 4.1 Mercer, the Pension Fund's Investment Consultancy, were consulted in the drafting of this report.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no additional financial considerations beyond those described in the body of the report.

(Approved by: Lisa Taylor, Director Finance, Investment and Resources, Section 151 Officer.

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that under section 138 of the Enterprise Act 2002 the Competition and Markets Authority have made the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 implementing a range of requirements in relation to the investment consultants and fiduciary management market. Part 7 section 12 of the Order prohibits Pension Scheme Trustees from entering into a contract with an Investment Consultancy Provider for the provision of Investment Consultancy Services or continuing to obtain Investment Consultancy Services from an Investment Consultancy Provider unless the Pension Scheme Trustees have set Strategic Objectives for the Investment Consultancy Provider.

Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct HR implications from this report

Approved by Sue Moorman, Director of Human Resources

8. IMPACT

- 8.1 There are no other equalities, nor crime and disorder reduction impact. There are no other data protection implications. This report does not relate to the processing of personal data.

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APPENDICES

None.

BACKGROUND DOCUMENTS: none.