

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 5 th September 2018
Report Subject	Investment and Funding Update
Report Author	Pension Finance Manager

EXECUTIVE SUMMARY

An investment and funding update is on each quarterly Committee agenda and includes a number of investment and funding items for information or discussion. The items for this quarter are:

- (a) The Business Plan 2018/19 update for quarter 1 (April to June 2018) is attached as Appendix 1. There are two tasks relating to this quarter, Asset Pooling (progressing on target) and Flightpath Review (Completed)
- (b) Current Developments and News – News and development continues to be dominated by the Pooling across the LGPS which has been covered in agenda item 6.
- (c) Delegated responsibilities (Appendix 2). This details the responsibilities which have been delegated to officers since the last Committee meeting. These can include, cash management, short term tactical decisions, investments in new opportunities and monitoring of fund managers. There are no items of exception to report.

RECOMMENDATIONS

1	That the Committee consider and note the update for delegated responsibilities and provide any comments
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REPORT DETAILS

1.00	INVESTMENT AND FUNDING RELATED MATTERS
1.01	<p>Business Plan Update</p> <p>Appendix 1 provides a summary of progress against the Investment and Funding section of the Business Plan up to the end of quarter 1 to 30 June 2018.</p>

	<p>Work in relation to Asset Pooling is continuing and the FCA have approved the first two Sub Funds for Global Equities for the Wales Pension Partnership. The WPP have also issued a tender for a Transition Manager to transition the Global Equity Assets into the Sub Funds. Further information has been detailed in Agenda item 10.</p> <p>The Flightpath Review has been completed as detailed in Agenda item 14.</p>
1.02	<p>Policy and Strategy Implementation and Monitoring</p> <p>The Advisory Panel receive a detailed investment report from the Fund's Investment Consultants, JLT which shows compliance with the approved Investment Strategy Statement and reports on fund manager performance. A summary of this performance is shown in the JLT report included in agenda item 13.</p> <p>The Advisory Panel also receive reports from the following groups:</p> <ul style="list-style-type: none"> • Tactical Asset Allocation Group (TAAG) • Funding and Risk Management Group (FRMG) • Private Equity and Real Assets Group (PERAG) <p>The Fund has reviewed all its main policies for inclusion in the Annual Report. Any minor changes can be made under delegations to officers. Details of the policies reviewed and subsequent changes have been included in Agenda item 5.</p> <p>The Funding Strategy Statement and termination policy has been reviewed and is now being circulated to Employers for consideration and comments before being brought to the Pension Fund Committee for approval.</p> <p>The Interim Funding Review has now commenced in Quarter 2 and the Fund sent membership data to Mercer on 2nd August 2018. A meeting has been arranged with Fund officers on 28th September 2018 to discuss the initial major employers and whole Fund results. A further Steering Group Meeting for the Finance Directors of the 3 Unitary Authorities has also been arranged for 3rd October 2018.</p>
1.03	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. Appendix 2 updates the Committee on the areas of delegation used since the last meeting.</p> <p>To summarise:</p> <ul style="list-style-type: none"> • There is sufficient liquidity to meet short term requirements • Shorter term tactical decisions continue to be made by the Tactical Asset Allocation Group (TAAG). • Within the "In House" portfolio, 3 commitments have been made in the Private Equity portfolio and 1 in the Real Asset portfolio all of which follow the strategy agreed by the Advisory Panel for these asset classes.

2.00	RESOURCE IMPLICATIONS
2.01	None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	A consultation with Employers will be required following the review of the FSS and termination policy.

4.00	RISK MANAGEMENT
4.01	Appendix 3 provides the dashboard and risk register showing the current risks relating to Investments and Funding matters.
4.02	<p>Five of the eight risks are currently at their overall target risk albeit the individual current impact or likelihood risk may be slightly higher than target. Of the remaining three risks in Investments and Funding, one is substantially different to the target risk, F6 with the other two being just one step away from their targets.</p> <p>Risk F6 remains the only risk with a significant likelihood and this relates to matters related to Pooling and Brexit.</p>

5.00	APPENDICES
5.01	<p>Appendix 1 - 2018/19 Business plan update Appendix 2 – Delegated Responsibilities Appendix 3 – Risk dashboard and register – Investments and Funding</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None</p> <p>Contact Officer: Debbie Fielder, Pension Finance Manager Telephone: 01352 702259 E-mail: debbie.a.fielder@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	(a) The Fund - Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region

- (b) **Administering authority or scheme manager** – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.
- (c) **The Committee - Clwyd Pension Fund Committee** - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund
- (d) **TAAG – Tactical Asset Allocation Group** – a group consisting of The Clwyd Pension Fund Manager, Pensions Finance Manager and consultants from JLT Employee Benefits, the Fund Consultant.
- (e) **AP – Advisory Panel** – a group consisting of Flintshire County Council Chief Executive and Corporate Finance Manager, the Clwyd Pension Fund Manager, Fund Consultant, Fund Actuary and Fund Independent Advisor.
- (f) **PERAG – Private Equity and Real Asset Group** – a group chaired by the Clwyd Pension Fund Manager with members being the Pensions Finance Managers, who take specialist advice when required. Recommendations are agreed with the Fund’s Investment Consultant and monitored by AP.
- (g) **In House Investments** – Commitments to Private Equity / Debt, Property, Infrastructure, Timber, Agriculture and other Opportunistic Investments. The due diligence, selection and monitoring of these investments is undertaken by the PERAG.
- (h) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of
- (i) **SIP – Statement of Investment Principles** – the main document that outlines our strategy in relation to the investment of assets in the Clwyd Pension Fund. This will be replaced by the **Investment Strategy Statement (ISS)**
- (j) **FSS – Funding Strategy Statement** – the main document that outlines how we will manage employers contributions to the Fund
- (k) A full glossary of Investments terms can be accessed via the following link.
<http://www.fandc.com/uk/private-investors/tools/glossary/>