

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 6**

**Appendix 4 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

**STRATEGIC POLICY DOCUMENTS FOR THE PENSION FUND**

**Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. This report recommends that the Committee approve policy statements which are reviewed annually or require updating as a consequence of the establishment of the Committee.

**Background**

3. The LGPS Regulations require each administering authority to prepare and maintain a number of statements setting out the governance arrangements for the Pension Fund:
  - A Governance Compliance Statement (Regulation 55)
  - A Funding Strategy Statement (Regulation 58)
  - A Communications Policy Statement (Regulation 61)
  - A Statement of Investment Principles (Investment Regulation 12)
4. The documents have previously been approved and published by the Corporate Director Resources on the advice of the Investment Advisory Panel. Following the establishment of the Committee, review and approval of these statements falls within the Committee's Terms of Reference.

**Governance Compliance Statement**

5. The Governance Compliance Statement sets out how the administering authority discharges its functions under the LGPS Regulations and must be revised following any material changes to governance arrangements.
6. A revised statement, incorporating the Terms of Reference of the Pensions Committee, and is attached at Appendix 1.

**Funding Strategy Statement**

7. The Funding Strategy Statement (FSS) sets out how the administering authority aims to meet the regulatory requirements to ensure that funds are available to meet pensions

liabilities as they fall due whilst keeping employer contribution rates as constant as possible.

8. The FSS is normally reviewed as part of the Triennial Valuation of the Pension Fund following consultation with the Fund's Actuary and the contributing employers. It is proposed that an updated FSS be presented to the Committee for approval early in 2017 following the consultation with employers on the contribution rates to be applied for the next three financial years and before the Valuation Report is completed by the Council's Actuary in March 2017.

### **Communications Policy Statement**

9. The Communications Policy Statement sets out how the Fund communicates with its stakeholders. A revised statement is attached at Appendix 2.

### **Statement of Investment Principles**

10. The Statement of Investment Principles (SIP) sets out the Fund's policy on the types of investments to be held. A revised statement is attached at Appendix 3.
11. Proposed amendments to the LGPS Investment Regulations include the replacement of the SIP with an Investment Strategy Statement. The new Regulations are expected to be published by the end of September and the implications will be reported to the next meeting of this Committee.

### **Strategic Asset Allocation**

12. The Investment Advisory Panel reviews the Fund's Strategic Asset Allocation annually. A fundamental review is carried out following each Triennial Valuation and minor changes may be made following interim reviews in other years. Formal approval of the Asset Allocation now falls within the Committee's remit.
13. The Investment Advisory Panel met on 20 September 2016 with the 2016/17 Strategic Asset Allocation as an item for review. The Investment Advisory Panel Report together with the recommended allocation for 2016/17 is shown in confidential Appendix 4. The panel recommended that no changes be made to the allocation pending the Actuarial Review and the further development of the Welsh Pooling proposal.

### **Legal Implications**

14. Relevant legal implications appear in the text of this Report and the Statements attached as appendices.
15. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

16. There are no direct financial implications arising from this report.

## **Recommendations**

17. That the Committee approves the revised Governance Compliance Statement, Communications Policy Statement and Statement of Investment Principles.
18. That the Committee approves the Strategic Asset Allocation as recommended by the Investment Advisory Panel.

**CHRISTINE SALTER  
CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

- Appendix 1 – Governance Compliance Statement
- Appendix 2 – Communications Policy Statement
- Appendix 3 – Statement of Investment Principles
- Appendix 4 - Proposed Asset Allocation for 2016-17