

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 6**

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**Appendices 1 and 2 of the report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

**INVESTMENT STRATEGY & ASSET ALLOCATION**

**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 has been prepared to request that the Committee approve the Strategic Asset Allocation recommended by the Investment Advisory Panel for 2019-20.

**Issues**

3. 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.
4. At its meeting in September 2018, the Panel decided not to recommend any changes to the Asset Allocation but to carry out a further review after six months. In March the Panel considered the opportunities presented by the pooled funds launched by the Wales Pension Partnership in January and the proposals in progress for further sub funds. The Panel report is attached as confidential Appendix 1. The Panel accepted the proposed changes to the allocation subject to advice from the Fund's actuaries on the risk/reward impact of the proposals. A report to the Panel meeting of 10 June confirmed that there were no material impacts on the risk/reward profile and the Panel agreed to recommend the amended allocation to the Committee.
5. The allocation recommended by the Panel for 2019-20 is shown in Appendix 2. The allocation includes the Committee's decision to invest 10% of Fund assets in a low carbon tracker fund.
6. If approved, the revised allocation will be implemented in stages during the remainder of the calendar year, subject to the WPP launching the additional sub funds required.

## Legal Implications

7. The first recommendation refers to Strategic Asset Allocation this is a technical document, the contents of which Legal Services are unable to comment upon. It is understood by Legal Services that this is drafted and prepared with assistance from appropriate external advisors and is recommended for approval by the Pensions Advisory Panel and it is understood this is an annual review rather than a fundamental review. This recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.
8. The second recommendation asks committee to note that the Corporate Director Resources has authority under the Council's Scheme of Delegations to make arrangements to implement the approved amendments. This recommendation does not appear to raise any direct legal implications. Any decisions must however be made in accordance with the Council's Scheme of Delegations and the general legal advice set out below.

### General Legal Advice

9. Any decision 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 tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.
10. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.
11. The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2019-221: <http://cmsprd.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202018-21.pdf>

The well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term

- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

### **Financial Implications**

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

### **Recommendations**

13. That the Committee approves the Strategic Asset Allocation recommended by the Investment Advisory Panel.
14. That the Committee notes that the Corporate Director Resources has the authority under the Council's Scheme of Delegations to make arrangements to implement the approved amendments.

### **CHRISTOPHER LEE CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

- Appendix 1 – Report to Investment Advisory Panel 19 March 2019 CONFIDENTIAL
- Appendix 2 - Proposed Asset Allocation for 2019-20 CONFIDENTIAL