

## **INVESTMENT STRATEGY STATEMENT**

### **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. The Terms of Reference include the review and approval of the Fund's Investment Strategy Statement (ISS). The draft ISS is attached as Appendix 1 to this report.

### **Background**

3. The LGPS Investment Regulations require an administering authority to review its ISS at least every three years. The current ISS was approved by the Pension Committee at its meeting on 27 January 2020.

### **Issues**

4. A number of developments have occurred since the current ISS was prepared which need to be reflected in an updated statement, which include :
  - The launch of a number of Wales Pension Partnership (WPP) equity and fixed income sub-funds with this Fund now holding investments in all four of the WPP equity sub-funds and three of the five WPP fixed income sub-funds.
  - The development of Private Market Funds by the WPP with Private Credit and Infrastructure sub-funds to be launched early in 2023 and to be followed by Private Equity and Property sub-funds.
  - The launch of the WPP Sustainable Active Equity sub-fund expected in April 2023.
  - The continuing development of the Fund's investment strategy to incorporate concerns on Environmental, Social and Governance (ESG) issues in particular climate change risk and investment in fossil fuel producers.
5. The draft ISS is attached as Appendix 1 and was considered by the Investment Advisory Panel at its meeting on 13 December. The Panel were comfortable in recommending the approval of the draft ISS to the Pension Committee.

### **Legal Implications**

6. Pursuant to the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016, Regulation 7 the Administering Authority (“Authority”) is required, to formulate an investment strategy which must be in accordance with any guidance issued by the Secretary of State.
7. The Authority must in accordance with the Investment Regulations review and if necessary revise the ISS from time to time, and at least every 3 years, and publish a statement of any revisions. The Authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund.
8. The recommendation seeks approval of the ISS. This is a technical document the content of which Legal Services are unable to comment upon. However, Legal Services understand from the body of the report that the Fund Investment /Advisory Panel have been consulted and are comfortable in recommending the approval of the draft, attached in the Appendix hereto.
9. In considering this matter, the decision maker must have regard to the Council’s wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
10. 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 e.g. 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
11. In considering this matter the decision maker should have regard to the general legal advice set out below.

### General Legal Advice

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.

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.

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 2022-25.

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. No financial implications arise directly from this report.

## **Recommendations**

13. That the Committee approves the revised Investment Strategy Statement.

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

Appendix 1 Investment Strategy Statement 2023