

## **PENSIONS PANEL – 6 JUNE 2023**

### **Report of the Director of Finance**

#### **COMPETITION & MARKETS AUTHORITY INVESTMENT CONSULTANT OBJECTIVES**

##### **Recommendation of the Chair**

1. That the Pensions Panel concur with the view of the Director of Finance; that the desired outcomes from the Investment Consultant Objectives for 2022/23 have been met, where these can be considered in the short term.
2. That the Pensions Panel confirm their assessment of the objective '*Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested*'.
3. That the Pensions Panel approves the Investment Consultant Objectives provided in Appendix 2, noting the specific focus for the 2023/24 financial year.

##### **Background**

4. At its meeting on 3 December 2019, the Pensions Panel received a briefing paper from Hymans Robertson LLP (Hymans) advising of the findings of the December 2018 report of the Competition and Markets Authority (CMA), and their subsequent order, in respect of the need for Pension Scheme Trustees to set annual objectives for their investment consultants.
5. In response to the CMA Order, the Pensions Panel continue to agree a high-level set of objectives with Hymans, for each financial year, which incorporate more focussed objectives and detail on how the objectives are to be measured. The 2022/23 objectives were signed off by the Panel at their meeting in June 2022.

##### **Monitoring of 2022/23 Objectives**

6. The Panel agreed that they would assess / measure and report on the performance of the Investment Consultant against the objectives set, by way of a collective annual review, with a report submitted to the Panel each year, at their March or June meeting.
7. Appendix 1 has been annotated with comments and relevant examples (in parentheses) which reflect the Director of Finance's view, as to whether the desired outcome of the 2022/23 objectives has been achieved in the short term. It is reassuring that in all cases the outcome, and thus the objective, is considered to have been met. However, the Panel are asked to consider and concur with this view.
8. One assessment remains outstanding and, given they are best placed to comment, the Panel is requested to confirm their assessment of the objective

*'Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested' at the meeting.*

## **Setting of 2023/24 Financial Year Objectives**

9. Most of the objectives for 2023/24 continue to be set at a high level and reflect the long-term nature of the Fund's Investment Strategy; they will not change year on year. Whilst the focus of the objectives will be linked to the workplan for the year ahead, wherever this is appropriate, as for 2022/23, it will be the outcomes and the examples that demonstrate how the objectives have been achieved which are most important. The focussed objectives for the 2023/24 Financial Year are detailed in Appendix 2.
10. Only very minor changes are proposed to the objectives for 2023/24, which reflects the fact that the workplan for 2023/24 continues to be focussed on the implementation of the recommendations from the Strategic Asset Allocation Review and the Funds' Climate Change Strategy, both of which were approved in 2021/22.
11. The only other minor change is that the objective which relates to Regulation / Legislation and incorporated Responsible Investment has now been split into 2 separate objectives, given one is not always directly linked to the other and the Fund has now set clear Climate Change targets.

**Rob Salmon**  
**Director of Finance**

---

Contact: Melanie Stokes,  
Assistant Director for Treasury & Pensions  
Telephone No. (01785) 276330

**Equalities Implications:** There are no direct equalities implications.

**Legal Implications:** The legal are covered in the body of the report implications.

**Resources and Value for Money Implications:** There are no direct resources and value for money implications.

**Risk Implications:** There is risk that inappropriate advice can result in an inappropriate investment strategy and inappropriate investment decisions being taken by the Fund. These could have significant financial implications on the value of the Fund's assets over the long term.

**Climate Change Implications:** Whilst there are no direct climate change

implications arising from this report, any investment advice needs to consider the Fund's Climate Change Strategy and net zero ambitions together with the Fund's Investment Principles on Responsible Investment and Engagement.

**Health Impact Assessment screening** – There are no health impact assessment implications arising from this report.