

**WIRRAL COUNCIL
PENSIONS COMMITTEE
26 MARCH 2018**

SUBJECT:	MONITORING POLICY
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF PENSIONS
KEY DECISION?	No

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval for a revised policy for the monitoring of investment mandates for Merseyside Pension Fund.
- 1.2 The appendix to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e. information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The purpose of this policy is to provide a framework for the monitoring of internal and external mandates for the Fund. The original version of this policy was approved by this Committee on 31 March 2008 and a revised policy on 20 March 2012.
- 2.2 The Fund has undertaken to review the policy from time to time to ensure it retains its relevance. Some changes are proposed to the policy to reflect the implications of pooling and the availability of additional benchmarks for public and private market assets. The revised policy also seeks to avoid 'short-termism' in decision making.

Guidance issued in relation to 'pooling' confirms that whilst strategic asset allocation decisions remain with the pension committees of fund authorities, manager selection will need to be delegated to officers or to the pool.

The revised Investment Regulations have removed the requirement for quarterly reporting by investment managers in order to encourage a longer-term perspective in relation to manager monitoring and retention. Whilst MPF has only terminated one investment mandate for performance reasons in the past nine years, the policy has been revised to reflect this long-term philosophy.

2.3 The purpose of this policy is to provide a structured approach by the investment team to the performance of all elements of the Fund; allowing full consideration of relevant facts in decision making and ensuring that there is an auditable trail of actions.

3.0 RELEVANT RISKS

3.1 The policy is designed as a tool to mitigate the risk that the underperformance of investments occurs without the intervention of the internal investment team.

4.0 OTHER OPTIONS CONSIDERED

6.1 No other options have been considered.

5.0 CONSULTATION

5.1 There has been no consultation planned or undertaken for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) no, because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

11.1 That Members approve the policy attached as an appendix to this report.

13.0 REASONS FOR RECOMMENDATIONS

13.1 Pensions Committee is required to set the overall investment strategy for the Fund. Active investment managers are a key component of the investment

strategy. This policy sets a clear framework to control risk in the monitoring and retention of investment managers.

REPORT AUTHOR: *Peter Wallach*
DIRECTOR OF PENSION FUND
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

Exempt appendix – Monitoring Policy

BACKGROUND PAPERS/REFERENCE MATERIAL

None.

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None.	