



Committee report

COMMITTEE	ISLE OF WIGHT PENSION FUND COMMITTEE
DATE	15 NOVEMBER 2019
TITLE	CMA ORDER: OBJECTIVES FOR INVESTMENT CONSULTANTS
REPORT OF	TECHNICAL FINANCE MANAGER

BACKGROUND

1. In December 2018, the Competition and Markets Authority (CMA) published a report following its review of the investment consulting and fiduciary management markets.
2. A number of requirements (remedies) were outlined in the final Order, published in June 2019, many of which were not applicable to the Local Government Pension Scheme (LGPS). Hymans Robertson published a “60 Second Summary” briefing note on the final CMA Order in June 2019 – this is attached as appendix 1.
3. There has been some debate as to whether remedy 1 (obligation to tender fiduciary management) would apply to the LGPS. The National Scheme Advisory Board (SAB) confirmed on 15 October 2019 that this remedy will NOT apply to the LGPS.
4. In the same announcement, the SAB confirmed that Remedy 7 (obligation to set strategic objectives for Investment Consultants) WAS applicable to the LGPS. It was confirmed that amendments would be made to the Ministry for Housing, Communities and Local Government (MHCLG) statutory guidance for Investment Strategy Statements (ISS) would be made to implement that remedy.
5. Although amendments to the ISS guidance are not expected this year, the Order applies remedy 7 from 10 December 2019.
6. The fund’s investment consultants, Hymans Robertson, have been asked to support the preparation of objectives to be used by the Isle of Wight Pension Fund. Their report is attached at appendix 2.
7. At the committee meeting, we will discuss this report and the proposed objectives.
8. It is recommended that the final agreement of the objectives to be set for the fund’s investment consultants be delegated to the Director of Finance and the Technical Finance Manager, in consultation with the chair and vice-chair of the pension fund committee. These objectives must be published by 10 December 2019.

9. A report on the final objectives agreed, and the process by which their achievement will be monitored, will be presented to the next investment-focused pension fund committee meeting.

RECOMMENDATION

10. That the committee delegate the final agreement of the objectives to be set for the fund's investment consultants to the Director of Finance and the Technical Finance Manager, in consultation with the chair and vice-chair of the pension fund committee.
11. That a report on the final objectives be presented to the next investment-focused pension fund committee meeting.

APPENDICES ATTACHED

12. [Appendix 1](#) – Hymans Robertson 60 Second Summary June 2019: Final CMA Order
13. [Appendix 2](#) – Hymans Robertson report: Setting objectives for best practice investment governance

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