

**REPORT FOR: Pension Fund Committee**

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**Date of Meeting:** 25 November 2015

**Subject:** Options for Liability Driven Investment Strategy

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix I: Report from Aon Hewitt  
“Triggers to re-consider a LDI Solution”

**Section 1 – Summary and Recommendation**

**Summary**

The Committee are requested to consider a report from Aon Hewitt discussing options for taking forward the consideration of Liability Driven Investment Strategy..

**Recommendation**

The Committee are recommended to consider the report from Aon Hewitt entitled “Triggers to re-consider a LDI Solution” and agree on how to take forward the consideration of LDI.

## **Section 2 – Report**

1. At their meeting on 8 September the Committee considered a report entitled “Options for Liability Driven Investments (LDI) Strategy. After discussion they resolved:

*That the status quo, a 13% Bond allocation invested in a combination of corporate bonds and index-linked gilts, be retained in relation to the Fund’s Bond portfolio and that Aon Hewitt be requested to provide guidance on the catalysts that would trigger a move to an LDI Strategy with Option 2 being the preferred Option.*

2. Attached is a further report from AonHewitt entitled “Triggers to re-consider a LDI Solution.”
3. The report discusses various options and suggests that the next steps should be:
  - The Committee to decide which of the trigger monitoring systems it would like to adopt.
  - Implement the monitoring system.
  - Monitor the relevant metrics.
4. The Committee are asked to consider the report and agree on how to take forward the consideration of LDI.

### **Financial Implications**

5. Whilst the adoption of an LDI strategy would have significant financial implications there are none arising from this report.

### **Risk Management Implications**

6. All of the Fund’s investment activities are recognised in the Pension Fund risk register.

### **Equalities implications**

7. There are no equalities implications arising from this report.

### **Council Priorities**

8. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council’s priorities there are no impacts arising directly from this report.

### **Section 3 - Statutory Officer Clearance**

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 17 November 2015		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 17 November 2015		

<b>Ward Councillors notified:</b>	<b>Not applicable</b>
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### **Section 4 - Contact Details**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager      0208 424 1450

**Background Papers - None**