

REPORT FOR: Pension Fund Committee

Date of Meeting: 28 June 2017

Subject: Property Investment Strategy

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Property Allocation Options (Aon Hewitt)

Section 1 – Summary and Recommendation

Summary

The Committee are requested to receive and consider a report from the Fund's investment advisers Aon Hewitt on Property Allocation Options in line with its function to administer all matters concerning the Council's Pension investments in accordance with law and Council policy as conferred by Part 3A, Terms of Reference of the Council's Constitution.

Recommendation

The Committee are recommended to consider the attached report from Aon Hewitt and agree the distribution of the property allocation included in the Fund's Investment Strategy as discussed in paragraphs 3 and 4.

Section 2 – Report

1. At several of their recent meetings, specifically on 7 March 2017 when they agreed the new Investment Strategy Statement, the Committee have requested that they receive a report on Property Allocation Options. Such a report has therefore been commissioned from Aon Hewitt and is attached.
2. The Fund's current strategy includes an allocation of 10% (range 8-12%) in property and the whole of this allocation (approximately £64m) is invested in the Aviva Investors UK Real Estate Fund of Funds.
3. Earlier on the agenda the Committee are being asked to consider a review of the whole of the Investment Strategy. Most of the options being put forward for consideration include an increased allocation to property and the Committee are asked to consider the proposals in this report in the light of their earlier decision.
4. In summary, if the Committee do agree to an increased allocation to property, the Aon Hewitt recommendations are that the existing holding in the Aviva fund be retained but that any further investment in the asset class be in growth focussed strategies such as Private Rented Sector, and Value-Add and Opportunistic funds.
5. The Committee are invited to consider the attached report from Aon Hewitt and give their views on its recommendations.

Financial Implications

6. The consideration of strategy changes is an important part of the management of the Pension Fund investments and the performance of the Fund's investments plays an extremely important part in the financial standing of the Fund. The financial implications arising from this report are those associated with making any strategic decisions and accepting the level of risk involved.

Risk Management Implications

7. The risks arising from investment performance are included in the Pension Fund Risk Register.

Equalities implications

8. There are no direct equalities implications arising from this report.

Council Priorities

- Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Director of Finance
Date: 12 June 2017		
Name: Noopur Talwar	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 12 June 2017		

Ward Councillors notified:	NO
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Section 4 - Contact Details

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

Background Papers – None