

Report for: Pensions Committee and Board – 21 March 2023

Title: Forward Plan

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofo, Head of Pensions and Treasury,
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1. This paper has been prepared to identify and agree upon the key priorities for the Pensions Committee and Board over the upcoming months, as well as seek members' input into future agendas.
- 1.2. An overview of the planned investment strategy review work that will follow the completion of the actuarial valuation exercise has also been included for members' consideration.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note and agree to the proposed key priorities identified in section 6 of the report regarding the investment strategy review work.
- 3.2. To identify additional matters and training requirements for inclusion within the Pensions Committee and Board's forward plan.

4. Reason for Decision

- 4.1. Haringey Council, in its role as the Administering Authority for the Haringey Pension Fund, is required to keep its investment strategy under regular review and revised from time to time, and at least once every three years.

4.2. The Council has delegated the responsibility for exercising all the Council's functions as the Pension Fund's administering authority, to the Pensions Committee and Board.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Local Government Pension Scheme (LGPS) Regulations require that those responsible for the governance, decision making, and operational functions of the pension fund must acquire and maintain the necessary knowledge and skills to appropriately carry out of their duties.

6.2. To support this requirement, it is best practice for a pension fund to maintain a work plan. The plan sets out the key activities anticipated over the upcoming months in the areas of governance, members/employers, investments, and accounting.

Overview of Investment Strategy Review Process

6.3. According to the LGPS Regulations, administering authorities are required to formulate, publish, and maintain an Investment Strategy Statement (ISS). The ISS must be kept under regular review and revised from to time, and at least once every three years.

6.4. Following the conclusion of the actuarial valuation exercise, it is prudent for the Fund to conduct an extensive review its existing investment strategy. This will ensure it is aligned with the expected increase in Fund's long-term obligations, as well as expected future investment return requirements.

6.5. A high-level overview of the investment strategy review process is detailed in the table below.

Activity	Objective
Review of current investment strategy	<p>To identify key sources of risk and return in the current investment strategy.</p> <p>This includes an assessment of current income levels, inflation-linkage, liquidity, and sustainable investment integration.</p>
Setting investment objectives	<p>To review and agree the Fund's investment objectives including a thorough review of the Fund's approach to responsible investment.</p>
Agree and publish a revised ISS	<p>To investment strategy is in accordance with LGPS regulations.</p>



Activity	Objective
Explore investment opportunities	To identify investment opportunities that align with the agreed investment objectives and are consistent with the current macroeconomic environment.
Implementation and ongoing performance monitoring	To identify the appropriate investment managers through manager selection and ongoing performance review and monitoring.

Key Priorities Identified

6.6. The Fund has undertaken a high-level investment strategy review with the support of its officers and investment advisors. The outcome of this work has resulted in the following key priorities being identified and a proposed work plan for the next 9-12 months has been detailed below.

Activity	Objective	Key Dates
Review of the Fund's cashflow requirement	<p>The Fund's cashflow requirements to meet benefit payments as they fall due are likely to have increased due to sustained higher levels of inflation and changes to contribution rates effective from 1 April 2023.</p> <p>The Fund should consider reviewing the cash flow requirements and agreeing an effective strategy for managing any potential mismatch.</p>	July 2023
Setting investment objectives	<p>The Fund should consider reviewing its investment objectives and responsible investment goals/criteria.</p> <p>This work will involve setting a target benchmark return for the next 3 – 5 years and agreeing a common set of responsible investment criteria for manager selection.</p>	July 2023 – September 2023
Agree any changes to ISS and explore investment opportunities	<p>Following the completion of process of setting investment objectives, the Fund should consider investment opportunities that are consistent with the agreed-upon investment objectives.</p> <p>This may involve a review of the role of fixed income investments in the portfolio, evaluating the Fund's listed equities allocation and conducting a thorough review of the Fund's private markets allocation. This work would be expected to continue throughout 2024.</p>	September 2023 – January 2024

6.7. The PCB is invited to provide comments on the proposed work plan above and suggest any necessary amendments. This will enable officers to ensure that members receive the necessary support to inform their decisions.

Knowledge and Skills

6.8. The Pensions Committee and Board (PCB) has adopted the revised CIPFA 2021 Code of Practice on Local Government Pension Scheme (LGPS) Knowledge and Skills which was issued in June 2021.

6.9. The appendices attached to this paper set out the PCB's current work plan over the next 12 months, including the Training Plan. The PCB is requested to consider whether it wishes to amend any future agenda items as set out in the papers.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments

Finance and Procurement

8.1. There are no financial implications arising from this report.

Legal

8.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. There are no specific legal implications arising from this report.

Equalities

8.3. Not applicable.

9. Use of Appendices

9.1. Appendix 1: Forward Plan

9.2. Appendix 2: Training Plan

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.