

Report for: Pensions Committee and Board – 6 September 2023

Item number:

Title: Forward Plan

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, 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 follows 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 the progress made towards the agreed key priorities outlined in section 6 of this report, specifically in relation to 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 scheme 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, which outlines the anticipated key activities in the areas of governance, scheme members/employers, investments, and accounting over the next few months, has been included as Appendix 1 to this paper.

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 Pension Fund to conduct a thorough review of its existing investment strategy. This review will ensure that the strategy is aligned with the expected increase in the Pension Fund’s long-term obligations and 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	To review and agree the Pension Fund’s investment objectives including a thorough review of the Fund’s approach to responsible investment.
Agree and publish a revised ISS	To investment strategy is in accordance with LGPS regulations.
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	Progress Update
Review of the Fund's cashflow requirement	<p>The Pension Fund's cashflow requirements to meet benefit payments as they fall due were anticipated to have increased due to sustained higher levels of inflation and changes to contribution rates effective from 1 April 2023.</p> <p>After completing the review of the Pension Fund's cashflow requirement, the Pensions Committee and Board agreed to change the income distribution policy on the applicable global listed equities strategies.</p>	July 2023	Completed
Setting investment objectives	<p>The Pension 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>	December 2023 – January 2024	On track for completion
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 align 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>	November 2023 - March 2024	On track for completion

- 6.7. The Pensions Committee and Board (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 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. Carbon and climate change

- 8.1. Haringey Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.
- 8.2. As part of the planned investment strategy review, the Pensions Committee and Board will assess the Pension Fund's responsible investment goals and criteria for investment selection. This includes an approach to managing and monitoring risks related to climate change.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 9.1. There are no financial implications arising from this report.

Head of Legal and Governance (Monitoring Officer)

- 9.2. The Assistant Director of Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

Equalities

- 9.3. Not applicable.

10. Use of Appendices

- 10.1. Appendix 1: Forward Plan
- 10.2. Appendix 2: Training Plan

11. Local Government (Access to Information) Act 1985

- 11.1. Not applicable.