




Haringey Council

Report for:	Corporate Committee 20 th March 2014	Item number	
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Title:	Pension Fund Statement of Investment Principles
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Report authorised by :	 Assistant Director – Finance (CFO)
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Lead Officer:	George Bruce, Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 8621
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

1.1 The Investment strategy was revised at the January meeting. The Statement of Investment Principles has been updated to reflect the changes in strategy and approval is requested from the Committee.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Committee agree the updated Statement of Investment Principles.

4. Other options considered

4.1 None.

5. Background information

5.1 The Statement of Investment Principles (“SIP”) sets out the principles governing the Haringey Council Pension Fund’s decisions about the



investment of Pension Fund money. It is prepared in accordance with Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

5.2 At the January meeting, the Committee agreed to include allocations to infrastructure debt and multi sector credit within the investment strategy. The SIP has been updated to reflect these allocations. Track changes are used to highlight the proposed amendments.

5.3 The changes made to the SIP are:

- a) The tables in section 5, 6, annex 1 and annex 2 have been updated to include the new mandates and the funding from the reduction in BlackRock equities.
- b) Asset class ranges have been included. Without these, the portfolio will always be non compliant with the SIP.
- c) Statements have been included that asset class allocations will be monitored against the ranges and rebalancing considered when appropriate i.e. rebalancing is not automatic.
- d) The narrative on the management of liquidity (section 5) has been amended.
- e) In section 6, the obligation for officers to meet with managers quarterly has been changed to a minimum of annually. Normally active managers are seen quarterly, but passive less frequently.
- f) The statement on custody (section 12) reflects that the pension fund does not directly own individual stocks, bonds or properties.
- g) Although the pension fund does not directly loan securities, the two passive equity managers do undertake this activity, with the pension fund benefiting from part of the income.
- h) A section on the Committee's investment beliefs has been added (annex 4). The SIP is intended to set out the principles governing decision making. Investment beliefs are central to the setting and implementation of strategy. The key beliefs reflected in the strategy are that equities will outperform bonds in the long term and that active management does not add value in developed equity markets. The Committee is invited to consider whether they agree with the statements and whether others should be included.



- 5.4 There are gaps in the draft SIP attached relating to the two new mandates that will be populated in advance of the Committee meeting.

6. Comments of the Chief Finance Officer & financial implications

- 6.1 The SIP is the formal documentation of the investment strategy. The changes agreed at the January 2014 meeting have been incorporated. The strategy targets an investment return that has been modelled as likely to eliminate the past service deficit over twenty years.

7. Head of Legal Services and Legal Implications

- 7.1 The Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (“2009 Regulations”) require the Pension Fund to prepare and keep under review a Statement of Investment Principles. This is a document which sets out the Fund’s approach to investing and related matters.
- 7.2 The Council as administering authority has the authority to invest the Pension Fund monies. The monies must be invested in accordance with the 2009 Regulations.
- 7.3 Regulation 11 requires the Council as administering authority to formulate a policy for the investment of the Pension Fund monies. That policy must be formulated with a view to (a) the advisability of investing monies in a wide variety of investments and (b) the suitability and types of investments.
- 7.4 Regulation 12 requires the Council as administering authority, after consultation with such persons as it considers appropriate, to prepare and maintain a written statement of principles. That statement must cover the following:
- (a) the types of investments to be held;
 - b) the balance between different types of investments;
 - c) risk
 - d) the expected returns;
 - e) the realisation of investments;
 - f) social, environmental or ethical considerations;
 - g) the exercise of the rights attached to investments;
 - h) stock lending; and
 - i) compliance or not with Secretary of State guidance.



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8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

Appendix 1: Statement of Investment Principles

12 Local Government (Access to Information) Act 1985

12.1 Not applicable.