

Report for: Pensions Committee 27th March 2017

Item number: 16

Title: Draft Investment Strategy Statement

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Thomas Skeen, Head of Pensions
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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. To consider the draft Investment Strategy Statement prepared for the fund. The Investment Strategy Statement is a new statutory document for LGPS funds, as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the contents of Appendix 1: a summary of the changes to the Local Government Pension Scheme investment regulations, prepared by the fund's Independent Advisor: John Raisin Financial Services Limited.
- 3.2. That the Committee note, and approve the draft Investment Strategy Statement attached as Appendix 2 of this report.
- 3.3. That the Committee agrees to the Fund committing to becoming a signatory to the Financial Reporting Council (FRC) UK Stewardship Code.

4. Reason for Decision

- 4.1. In accordance with Regulation 7(6) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016,

each LGPS Fund must publish its (new) Investment Strategy Statement by 1 April 2017.

4.2. The UK Stewardship Code aims 'to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders'. There is no cost associated with being a signatory, and many LGPS funds have already signed up to the Code.

4.3. The guidance issued by the Department of Communities and Local Government: 'Preparing and Maintaining an Investment Strategy Statement' states that 'Administering authorities should become Signatories to the Code and state how they implement the seven principles'.

5. Other options considered

5.1. None.

6. Background information

6.1. The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009 came into effect on 1st January 2010. One of the requirements of the Regulation is that pension funds must prepare, maintain and publish a statement of the principles governing its decisions about the investment of fund money. Haringey Pension Committee last reviewed and approved the Statement of Investment Principles in the committee meeting on 9 February 2017.

6.2. Under the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Statement of Investment Principles has been replaced by the Investment Strategy Statement.

6.3. The Investment Strategy Statement must be reviewed and revised by the Council as administering authority when any material changes take place such as changes to the types of investment held or the balance between the types of investments in the Fund.

7. Contribution to Strategic Outcomes

7.1. None.

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

Finance and Procurement

- 8.1. The Investment Strategy Statement details the decision by Committee on how the Funds resources will be invested. The Strategy set has been prepared to maximise returns of Fund's assets within acceptable risk parameters and also to facilitate a reduction in the burden of deficit funding that employers in the Fund are liable for.
- 8.2. The performance of the Fund's strategy is monitored through a quarterly report that is presented to Committee. Recent performances have been good and generally either in line with or exceeded target.

Legal

- 8.3. Under Regulation 7(6) of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 the administering authority is required to publish its first investment strategy statement by 1 April 2017. The investment strategy must include those matters set out in Regulation 7(2).

Equalities

There are no equalities issues arising from this report.

9. Use of Appendices

- 9.1. Appendix 1 - Summary of the changes to the Local Government Pension Scheme investment regulations, John Raisin Financial Services Limited.
- 9.2. Appendix 2 – Draft Investment Strategy Statement

10. Local Government (Access to Information) Act 1985

Not applicable.