

	<p><b>Pension Fund Committee</b></p> <p><b>21 July 2015</b></p>
<b>Title</b>	<p><b>Review of Pension Fund Asset Allocation</b></p>
<b>Report of</b>	<p>Chief Operating Officer</p>
<b>Wards</b>	<p>N/A</p>
<b>Date added to Forward Plan</b>	<p>N/A</p>
<b>Status</b>	<p>Public Report with Exempt Appendix – Not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended</p>
<b>Enclosures</b>	<p>Appendix 1 (exempt) – Hymans Robertson: 'Initial Review of Asset Allocation July 2015'</p>
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<b>Summary</b>
<p>The purpose of this report is to present the Pensions Fund Committee with the investment consultant’s initial findings on the review of the pension fund investment plan and recommends formation of a subgroup to review the pension fund investment strategy</p>

<b>Recommendations</b>
<p><b>1. That the Committee note the findings set out in the initial review report and agree to form an advisory body to review the pension fund investment strategy and report back to future meetings of the Pension Fund Committee.</b></p>

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The purpose of this report is to present the Pensions Fund Committee with the investment consultant's initial findings on the review of the pension fund investment plan and to recommend a workplan to review the pension fund investment strategy.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 Pension Fund Committee's terms of reference include the appointment of pension fund investment advisers.
- 2.2 Following the reprocurement of the pension fund investment adviser, (Pension Fund Committee, 28 May 2015 COO DPR, 1 June 2015), on appointment Hymans Robertson were commissioned to produce a report for Pension Fund Committee to initiate a review of the pension fund investment strategy.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not Applicable

## **4. POST DECISION IMPLEMENTATION**

- 4.1 An advisory body of the Pension Fund Committee supported by officers and investment advisor Hymans Robertson will consider options for rebalancing the current asset allocation and will present further recommendations and costed options to revise the Pension Fund investment strategy to future meetings of Pension Fund Committee in 2015-2016.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 To ensure that the pension fund is being invested prudently and to the best advantage in order to achieve the required funding level. This in return protects Barnet's liabilities and supports the Council's corporate priorities as expressed through the Corporate Plan.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The cost of the review of the pension fund investment strategy will be met from the pension fund. An update report will set out the proposed cost of any changes to be considered by the Committee.
- 5.2.2 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

### 5.3 Legal and Constitutional References

- 5.3.1. This report is based on the provisions of Regulation 10 Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 made under the powers conferred by section 7 and Schedule 3 of the Superannuation Act 1972.
- 5.3.2 Constitution – Part 15, Annex A, Responsibility for Functions Responsibility for Council Functions in relation to pensions delegated to the Pension Fund Committee through the Pension Fund Governance Compliance Statement. Paragraph 2.2.11 lists one of these functions as ‘To review and challenge at least quarterly the Pension Fund investment managers’ performance against the Statement of Investment Principles in general and investment performance benchmarks and targets in particular.

### 5.4 Risk Management

- 5.4.1 The current asset allocation will not maximise potential investment return. This can be addressed by restructuring the fund portfolio to reflect changes in market conditions and expectations of future returns.

### 5.5 Equalities and Diversity

- 5.5.1 Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met.

The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services.

### 5.6 Consultation and Engagement

- 5.6.1 Not Applicable

## 6 BACKGROUND PAPERS

- 6.1 None