

	<p><b>Pension Fund Committee</b> <b>24 October 2017</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Investment Strategy Statement</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Director of Resources</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>No</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix 1- Investment Strategy Statement final March 2017 Appendix 2 – Current Investment Strategy Statement Appendix 3 – Revised tables for ISS.</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>George Bruce, Head of Treasury, CSG george.bruce@barnet.gov.uk - 0208 359 7126</p>

<p><b>Summary</b></p>
<p>The Pension Fund Committee approved an Investment Strategy Statement (ISS) at the March 2017 meeting. The asset allocation table within the ISS requires updating in line with the changes to strategy agreed both at March 2017 and proposed at this meeting.</p>

<p><b>Recommendations</b></p>
<p><b>That the Pension Fund Committee approves the revision of table 1 within the ISS as shown on appendix 1 and that the table on appendix 2 is attached to the ISS but does not form a part of the ISS.</b></p>

**1. WHY THIS REPORT IS NEEDED**

- 1.1 Administering authorities are required to prepare, maintain and publish a written investment strategy statement which must be in accordance with the guidance issued by the Secretary of State.

- 1.2 The Investment Strategy Statement (ISS) document has been written in accordance with the legislative requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Proper advice has been taken from the Pension Fund Committee's investment advisor Hymans Robertson LLP.
- 1.3 Since approving the ISS at the March 2017 meeting, the Committee has altered the target allocations and these should be reflected in the ISS. The only required changes relate to table 1. The alterations proposed at this meeting are also reflected in the revised table 1.
- 1.4 The layout of table 1 has been altered in two regards. Firstly upper limits have been included against each asset class. Clause 7(3) of the investment regulations require the ISS to set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investments.
- 1.5 Secondly, the table 1 no longer mentions manager names, rather asset classes and benchmarks. There is no requirement for manager names in the ISS and by avoiding this level of detail, changes to the ISS can be reduced.
- 1.6 It is recognised that having a detailed breakdown of mandates is helpful and this is included in a new table (appendix 2) that is proposed to be attached to but outside of the ISS.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The London Borough of Barnet is required to ensure the proper management of the London Borough of Barnet Pension Fund in its capacity as administering authority. This includes compliance with the requirement of the LGPS (Management and Investment of Funds) Regulations 2016 that requires preparation of an Investment Strategy Statement.
- 2.2 The Investment Strategy Statement (ISS) includes the Fund's approaches to investment pooling and risk; Asset classes and fund managers; Stewardship; Voting Rights; Environmental, Social and Governance Engagement and Fund Compliance with the "Myners Principles".

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

- 3.1 Not applicable as this a Scheme requirement

## **4 POST DECISION IMPLEMENTATION**

- 4.1 Officers will update the draft and publish the approved Investment Strategy Statement.

## **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 LB Barnet's liabilities and supports the Council's corporate priorities as expressed through the Corporate Plan.

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

5.2.1 The financial issues are set out in the draft ISS.

5.2.2 There are no performance and value for money, staffing, IT, Property or Sustainability implications arising from this report.

## 5.3 **Social Value**

5.3.1 Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it.

## 5.4 **Legal and Constitutional References**

5.4.1 The Council's Constitution – Part 15, Annex A, Responsibility for Functions details the responsibilities of the Committee, including to review the Investment Strategy Statement [previously called Statement of Investment Principles] at least triennially, or more frequently if advised by the Chief Finance Officer of the need to do so.

5.4.2 Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires an administering authority to formulate an investment strategy which must be in accordance with the guidance issued by the Secretary of State and to take proper advice when making decisions in connection with the investment strategy of the Fund.

## 5.5 **Risk Management**

5.5.1 Risk management issues are addressed in the draft ISS and are included in the Pension Fund Risk Register.

## 5.6 **Equalities and Diversity**

5.6.1 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 all those eligible, as provided by the criteria set out within the relevant Regulations.

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 and keep them under review in decision making, the design of policies and the delivery of services.

## **5.7 Consultation and Engagement**

5.7.1 The London CIV was consulted on in the preparation of the ISS.

## **6 BACKGROUND PAPERS**

6.1

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/553342/LGPS\\_Guidance\\_on\\_Preparing\\_and\\_Maintaining\\_an\\_Investment\\_Strategy\\_Statement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/553342/LGPS_Guidance_on_Preparing_and_Maintaining_an_Investment_Strategy_Statement.pdf)