



PENSIONS COMMITTEE

19 MARCH 2019

Subject Heading:

**STATEMENT OF INVESTMENT
BELIEFS**

SLT Lead:

Jane West

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Policy context:

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Investment Strategy Statement**

Financial summary:

No cost implications

**The subject matter of this report deals with the following Council
Objectives**

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

[X]
[X]
[X]
[X]

SUMMARY

This report provides members with the proposed steps to establish a Statement of Investment Beliefs

RECOMMENDATIONS

That the Committee:

1. Consider the proposed investment beliefs set out in Appendix A and whether these reflect the broad views of Committee members;
2. Engage in discussion around areas where there were a range of views from the online questionnaires, to build consensus;
3. Agree next steps to finalise a formal Statement of Investment Beliefs for inclusion in the Fund's Investment Strategy Statement (ISS), and that these beliefs will be referenced as part of future investment decision making;
4. Receive additional training on ESG matters to further develop Committee understanding, reflecting comments received as part of the online questionnaire.

REPORT DETAIL

At the 11 December 2018 Committee meeting Hymans Robertson provided training on Responsible Investment matters.

An action agreed from that training session was to work towards a formal Statement of Investment Beliefs for the Fund. To establish those beliefs, Hymans developed a questionnaire to gather the Committee views on a range of areas relating to the Fund's investment approach.

The questionnaire was issued on the 24 January 2019 with a closing date of the 8 February 2019.

The draft Statement of Investment Beliefs reflects feedback from the online questionnaire which is attached as **Appendix A. The tracked changes in Appendix 1 represent Hymans' amendments to the original Statement following the consultation.**

Having a clear set of investment beliefs can improve governance by providing a framework for all investment decisions and will form part of the overall investment process.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications in adopting a statement of beliefs but it will mitigate the risk of scrutiny of the committee's investment decisions as having a statement of investment beliefs in place will provide rationale for the decision making process.

A change may be necessary to the Investment Strategy Statement (ISS) to incorporate the investment beliefs, if adopted, and this will be changed when the ISS is next updated, later in the year as per the business plan.

Legal implications and risks:

There is no statutory obligation to produce a Statement of Investment Beliefs but as mentioned in the report it can help achieve good governance as establishing a Statement of Investment Beliefs will underpin the investment decisions that the Committee take in driving forward and setting objectives within the ISS.

Currently the Council has a broad discretion to take non-financial considerations into account in its investment strategy. The Secretary of State has issued guidance to Local Authorities on the exercise of their discretion on non-financial considerations which has been subject to challenge in the Courts. The Court of Appeal has ruled in favour of the Secretary of State but that Court's decision is subject to an appeal to the Supreme Court and therefore Members will need to be aware that this area is potentially subject to change. *R. (on the application of Palestine Solidarity Campaign Ltd) v Secretary of State for Communities and Local Government* [2018] EWCA Civ 1284.

Human Resources implications and risks:

There are no immediate HR implications.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected