



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

21 March 2023

Subject Heading:

**INVESTMENT STRATEGY UPDATE -
CONSIDERATIONS**

CLT Lead:

Dave McNamara

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569

Policy context:

Debbie.ford@onesource.co.uk
Regulation 7 of the LGPS (Management
and Investment of Funds) Regulations
2016 requires an administrative authority
to periodically review the Investment
Strategy Statement

Financial summary:

Implementation of the investment strategy
will be met from restructuring existing
mandates

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

This report includes a paper produced by the Fund Investment Advisor, as set out in Appendix A (exempt), as a follow up on the Fund's Actuarial valuation as at 31 March 2022, reviewing whether any changes were necessary to the current Investment Strategy Statement.

Appendix A of this report is exempt from publication by virtue of paragraph 3 and 5 of the Access to Information Procedure Rules set out in the Constitution pursuant to Schedule 12A Local Government Act 1972, as amended as it

contains information relating to the financial or business affairs of the investment managers already appointed to the Fund and the potential disinvestment of an investment with an existing investment manager.

RECOMMENDATIONS

That the Committee is asked to:

1. Agree the proposed recommended changes to the Fund's investment strategy as set out in Appendix A (exempt), page 3 refers.

REPORT DETAIL

1. Background

- a) The Committee agreed the current Investment Strategy Statement (ISS) at its meeting on the 29 July 2020 and have on a number of occasions since then proceeded with the implementation and development of that ISS.
- b) Following the Fund's Actuarial valuation as at March 2022 a review of the current ISS was carried out to ensure that it remained appropriate to meet its long term objectives, this being to ensure that the assets are invested to secure funding for member's benefits.
- c) Officers discussed the outcome of this review at a meeting in October 2022 in which it was suggested that employer contributions could be reduced subject to an adjustment to the investment strategy. It was also acknowledged of a need to shift towards "increased income" investments as part of any investment strategy changes and the progression of this strategy was later discussed in February 2023.
- d) Hymans, the Fund's Investment Advisor subsequently produced the Investment Strategy Update Considerations paper, as set out in Appendix A (exempt), for the Committee to consider and agree.
- e) This paper is exempt as it contains information pertaining to the financial or business affairs of Fund's investment managers and the Fund's potential disinvestment with an existing investment manager.

IMPLICATIONS AND RISKS

Financial implications and risks:

Any changes made to the asset allocation will be funded from reducing or reallocating of assets within existing mandates held by the fund.

Advisory costs: The advisory costs of implementing the changes made to the investment strategy and its structure will be incurred through the Investment Management consultancy services contract with Hymans. Costs are ongoing throughout implementation and will be monitored closely by Officers - the final cost will not be known until this has concluded and is dependent on the direction of strategy options taken forward by the Committee.

Costs arising from the implementation of the investment strategy will be met from the Pension Fund.

Legal implications and risks:

Any discussions with regard to revisions to the ISS are in accordance with Local Government Pensions Scheme Investment Regulations 2016, Regulation 7 (7) The [authority](#) must review and if necessary revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions.

Human Resources implications and risks:

None arise directly from this report.

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 EqEIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected
None arising directly.

BACKGROUND PAPERS

None