

# Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>19 September 2023</b>
<b>SUBJECT:</b>	<b>Investment Strategy Statement</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>

## 1. **RECOMMENDATION**

- 1.1 The Committee are asked to review and agree the draft Investment Strategy Statement attached as Appendix A.

## **CORPORATE PRIORITY / POLICY CONTEXT**

Sound Financial Management: This report asks the Committee to consider a draft Investment Strategy Statement required for the proper administration of the Pension Fund.

The decision supports the Council priority of OUTCOME 1 “Balances the books, listens to residents and delivers good, sustainable services.”

## **FINANCIAL SUMMARY:**

There are no direct financial implications associated with this Report but it advises the Committee of administrative arrangements which assist in the management of the Fund and which could have an impact on the General Fund of the Council.

## 2. **EXECUTIVE SUMMARY**

- 2.1 This report presents a draft Investment Strategy Statement for the Pension Fund for consideration by the Committee.

### 3. DETAIL

3.1 Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires that:

*(1) An authority must, after taking proper advice, formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State.*

*(2) The authority's investment strategy must include—*

- (a) a requirement to invest fund money in a wide variety of investments;*
- (b) the authority's assessment of the suitability of particular investments and types of investments;*
- (c) the authority's approach to risk, including the ways in which risks are to be assessed and managed;*
- (d) the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;*
- (e) the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and*
- (f) the authority's policy on the exercise of the rights (including voting rights) attaching to investments.*

*(3) The authority's investment strategy must 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 investment.*

3.2 In the context of the recently completed Actuarial Valuation and Funding Strategy Statement, at their meetings on 6 December 2022 and 20 June 2023, the Committee carried out a review of the Fund's investment strategy with advice provided by the Fund's Investment Adviser, Mercer and Actuary, Hymans Robertson..

3.3 As the Committee will see elsewhere on the agenda it is proposed to no longer include the Fund's Responsible Investment Policy (Environmental, Social and Governance Policy) in the Investment Strategy Statement but to establish it as a Policy in its own right.

3.4 Attached as Appendix A is a Policy proposed for the Fund as drafted by Mercer, the Fund's Investment Adviser. The Committee are invited to consider and agree this Policy.

#### **4. CONSULTATION**

- 4.1 The draft Investment Policy has been prepared by Mercer, the Fund's Investment Adviser in consultation with Council officers and the Fund Actuary.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no financial or risk assessment considerations arising from this report.

**Approved by:** **Approved by:** Allister Bannin on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

#### **6. LEGAL CONSIDERATIONS**

- 6.1. Burgess Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from this report.

#### **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no immediate workforce impacts arising from the content of this report.

**Approved by:** Gillian Bevan, Head of HR, Resources and Assistant Chief Executives directorates on behalf of Dean Shoesmith, Chief People Officer.  
Date: 5.9.23

#### **8. EQUALITIES IMPACT**

- 8.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must in the exercise of all its functions, "have due regard to" the need to comply with the three aims of the general equality duty. These are to:
- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
  - Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
  - Foster good relations between people who share a protected characteristic and people who do not share it.
- 8.2 Having due regard means to consider the three aims of the Equality Duty as part of the process of decision-making. This means that decision makers must be able to evidence that they have taken into account any impact of the

proposals under consideration on people who share the protected characteristics before decisions are taken.

**Approved by:** Naseer Ahmad for Equality Programme Manager. (08/09/2023)

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

**Approved by:** Allister Bannin on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

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### **CONTACT OFFICER:**

Matthew Hallett – Acting Head of Pensions and Treasury.

### **BACKGROUND DOCUMENTS:**

None.

### **APPENDIX:**

Appendix A: Investment Strategy Statement