

## **Report for: Pension Fund Committee**

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<b>Date of Meeting:</b>	23 November 2022
<b>Subject:</b>	Draft Responsible Investment Policy
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	None
<b>Enclosures:</b>	<b>Appendix 1</b> – Draft Responsible Investment Policy (Aon) – To Follow

### **Section 1 – Summary and Recommendations**

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Further to the recent training session, this report includes a draft Responsible Investment Policy for the Committee to consider and approve.

#### **Recommendations:**

The Committee is recommended to:

1. Consider the report and draft Responsible Investment Policy from Aon
2. Approve the Policy and any consequential amendments to the Investment Strategy Statement subject to any adjustments it wishes to make,

### **Section 2 – Report**

1. The LGPS (Investment and Management of Funds) Regulations 2016 set the framework within which LGPS pension funds are required to manage their investments. They are required to have an Investment Strategy

- Statement (ISS) – which sets out how the Fund will manage and invest its assets to enable it to meet its Funding Strategy.
2. The Regulations include a requirement for funds to have a policy setting out how environmental, social and governance (ESG) considerations are taken into account in the selection, non-selection, retention and realisation of investments. For LBH, the Investment Strategy Statement contains that information.
  3. With growing concern about climate change, a greater awareness of social issues such as working conditions and governance issues including equality, diversity and executive remuneration, it is now considered best practice for LGPS Funds to have a standalone Responsible Investment (RI) Policy. The likely introduction of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) – see report elsewhere on this agenda highlights this further.
  4. Following discussion at the Fund’s informal briefing session in July 2022, it was agreed that the morning of the “Training and Meet the Manager” day would be devoted to RI training – and accordingly a workshop training session was led by Jennifer O’Neill – an RI specialist from the Fund’s Investment Consultant (Aon).
  5. Following the workshop, it was agreed that Aon would carry out a survey of the Committee members’ investment beliefs (from an RI perspective) and to use these to draw up a Responsible Investment Policy for the Committee to consider and approve. The draft Policy is attached at **Appendix 1**. Jennifer O’Neill will present to the Committee on the survey findings and hence the contents of the proposed policy.

## **Legal Implications**

6. There are no direct legal implications arising from this report.
7. The Pension Fund Committee has the following powers and duties:
  - i. to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;
  - ii. the determination of applications under the Local Government Superannuation Regulations and the Teachers’ Superannuation Regulations;
  - iii. to administer all matters concerning the Council’s pension investments in accordance with the law and Council policy;
  - iv. to establish a strategy for the disposition of the pension investment portfolio; and
  - v. to appoint and determine the investment managers’ delegation of powers of management of the fund;

- vi. to determine cases that satisfy the Early Retirement provision under Regulation 26 of the Local Government Pension Scheme Regulations 1997 (as amended), and to exercise discretion under Regulations 8 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended, subject to the conditions now agreed in respect of all staff, excluding Chief Officers;
- vii. to apply the arrangements set out in (vi) above to Chief Officers where the application has been recommended by the Chief Executive, either on the grounds of redundancy, or in the interests of the efficiency of the service, and where the application was instigated by the Chief Executive in consultation with the leaders of the political groups.

## **Financial Implications**

8. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

## **Risk Management Implications**

9. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The latest review is included elsewhere on the agenda for this meeting.
10. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy, and having a Responsible Investment Policy will assist in managing those risks.

## **Equalities implications / Public Sector Equality Duty**

11. Was an Equality Impact Assessment carried out? No  
There are no direct equalities implications arising from this report.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Dawn Calvert**  
Signed by the Chief Financial Officer  
**Date: 11/11/2022**

**Statutory Officer: Sharon Clarke**

Signed on behalf of the Monitoring Officer  
**Date: 10/11/2022**

**Chief Officer: Dawn Calvert**  
Signed on behalf of the Chief Executive  
**Date: 11/11/2022**

## **Mandatory Checks**

**Ward Councillors Notified:** Not applicable

## **Section 4 - Contact Details and Background Papers**

**Contact:** Jeremy Randall – Interim Pensions Manager  
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**Background Papers:** None