

REPORT FOR: Pension Fund Investment Panel

Date of Meeting: 19th October 2010

Subject: Review of the Pension Fund's Investment Strategy

Responsible Officer: Myfanwy Barrett, Corporate Director Finance

Exempt: No

Enclosures: None

Section 1 – Summary and Recommendations

Hymans Robertson will lead a training discussion on the options open to the Panel to review the current investment strategy and the Statement of Investment Principles following the actuarial review at 31st March 2010.

Recommendation:

The Panel are invited to consider the issues raised by Hymans and ask the officers to develop detailed proposals for the next meeting.

Section 2 – Report

1. With the actuarial valuation of the fund at 31st March 2010 nearing completion, it is appropriate to consider the impact of the current funding position and any changes in investment assumptions on the optimum balance of asset classes within the fund. Such a review would encompass an updating of the Statement of Investment Principles. The current strategic allocation has 84% in growth assets (equities and property) with the balance in bonds and active currency.
2. The last strategic review was conducted in 2008 and was based around an asset liability study undertaken by Hymans Robertson. Given the level of work undertaken between 2008 and 2009 to review and implement the revised strategy it is appropriate to consider the options available to challenge the current investment strategy and ask whether a full asset liability study is again required.
3. The initial discussion on the strategy review will take the form of a training session from Hymans Robertson in which they will introduce the panel to the various modelling techniques available to the Panel, the inputs and assumptions that will be required and the outputs that will aid the Panel in their strategy deliberations. Possible timetables will also be explored. No decisions will be made at this meeting, but the Panel may wish to express preferences as to how the strategy review is conducted.

Financial Implications

4. The Strategic asset allocation of the fund is the most significant driver of future returns and risk and the level of contributions required.

Risk Management Implications

5. Risk included on Directorate risk register? No
6. Separate risk register in place? No
7. Setting risk tolerances and measuring outcomes will be central to the strategy review.

Corporate Priorities

8. Corporate Priorities are not applicable to Pension Fund as it does not have a direct impact on Council's resources.

Section 3 - Statutory Officer Clearance

Name: Jennifer Hydari



on behalf of the
Chief Financial Officer

Date: 8 October 2010

Section 4 - Contact Details and Background Papers

Contact: George Bruce (Treasury and Pension Fund Manager) Tel: 020-8424-1170 / Email: george.bruce@harrow.gov.uk

Background Papers: Nil

If appropriate, does the report include the following considerations?

1.	Consultation	N/A
2.	Corporate Priorities	N/A