

REPORT FOR: Pension Fund Committee

Date of Meeting:	26 November 2014
Subject:	Statement of Investment Principles - Revision
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	London Borough of Harrow – Statement of Investment Principles

Section 1 – Summary and Recommendation

Summary

In view of the Fund's recent investment in a pooled fund managed by State Street Global Advisors Ltd an amendment to the Statement of Investment Principles is recommended.

Recommendation

That Paragraph 4.8 of the Statement of Investment Principles be deleted and replaced by:
"Stock lending is permitted in pooled funds where applicable. Details of investment managers' procedures and controls are available on request."

Section 2 – Report

Background

1. On 23 September 2014 the Committee agreed an updated Statement of Investment Principles as attached.
2. Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 the Statement of Investment Principles must cover the Fund's policy on stock lending.
3. Paragraph 4.8 states as follows:

“The Council does not engage in stock lending activities.”

4. As part of the equities mandates re-structure the Council has made a substantial investment into the State Street Global Advisers Ltd All World Equity Index Sub-Fund. This pooled fund engages in stock lending and, since the Council does not have the option of opting out of the arrangement, it is recommended that paragraph 4.8 be deleted and replaced by the following:

“Stock lending is permitted in pooled funds where applicable. Details of the investment managers' procedures and controls are available on request.”

Financial Implications

5. The total size of the Pension Fund at the end of September 2014 was £616m. Under the current re-structuring of the equities mandates the State Street sub-fund will be allocated approximately £200m. Whilst the prospectus allows for up to 70% of holdings to be available for stock lending the actual amount leant is typically 15-20%. Revenue generated is allocated 70% to investors and 30% to State Street.

Risk Management Implications

6. Risk in connection with the Pension Fund is included on Directorate risk register.
7. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

Equalities implications

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

Council Priorities

10. 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.

Section 3 - Statutory Officer Clearance

Name Simon George	<input checked="" type="checkbox"/>	Director of Finance and Assurance
Date: 14 November 2014		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 November 2014		

Ward Councillors notified: NO

Section 4 - Contact Details and Background Papers

Contact: Ian Talbot, Treasury and Pension Fund Manager
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