

REPORT FOR: PENSION FUND
INVESTMENT PANEL
(NON-EXECUTIVE)

Date of Meeting: 18 January 2010

Subject: Review of Funding Strategy Statement and Statement of Investment Principles

Responsible Officer: Myfanwy Barrett, Corporate Director Finance

Exempt: No

Enclosures: Appendix 1: Funding Strategy Statement
Appendix 2: Statement of Investment Principles

Section 1 – Summary and Recommendations

This report sets out a review of the Funding Strategy Statement and Statement of Investment Principles for the Pension Fund.

Recommendations:

The Panel is asked to:

- 1) Approve the updated Funding Strategy Statement;
- 2) Approve the Statement of Investment Principles.

Section 2 – Report

Introduction

1. The Council is the Administering Authority of the Harrow Pension Fund and, in that role it has the responsibility to ensure the proper management of the Fund.

Review of Funding Strategy Statement (FSS)

2. The FSS is reviewed in detail at least every three years, ahead of triennial valuations being carried out; the next full review will fall due to be completed by 31 March 2011.
3. The purpose of the FSS is to:
 - Establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
 - Support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
 - Take a prudent longer-term view of funding those liabilities.

The statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.

4. The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues and the Panel is asked to approve it

Review of Statement of Investment Principles (SIP)

5. The SIP has been reviewed in relation to the investment of assets of the Council's Pension Fund and the Panel is asked to approve it
6. The Council, as administering authority, decides on the investment policies most suitable to meet the liabilities of the Pension Fund and has ultimate responsibility for investment strategy. The Council's Pension Fund Investment Panel exercises these powers on its behalf. The Panel monitors investments on a quarterly basis. Advice is received as required from the officers and the professional advisers. In addition, the Panel formally reviews the performance of investments on an annual basis when it receives presentations from the fund managers.
7. The Council has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme regulations, whose activities are specified in detailed investment management agreements and regularly monitored. The investment

objective of the Fund is to achieve a return that is sufficient to meet the primary funding objective, subject to an appropriate level of risk (implicit in the target) and liquidity.

Financial Implications

1. The financial implications are set out in the briefing papers attached to this report and will enable the Panel to undertake its Pension Fund responsibilities in considering and making a decision on the proposals.

Risk Management Implications

There are no direct implications for individual performance indicators.

Section 3 - Statutory Officer Clearance

Name: Jennifer Hydari	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 7 January 2010		

Section 4 - Contact Details and Background Papers

Contact: Jennifer Hydari, Divisional Director of Finance and Procurement,
0208 424 1527 jennifer.hydari@harrow.gov.uk

Background Papers: Statement of Investment Principles & Funding Strategy Statement

If appropriate, does the report include the following considerations?

1.	Consultation	YES / NO
2.	Corporate Priorities	YES / NO