



London Borough of Enfield

Report Title	Investment Strategy Statement
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	20 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
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Purpose of Report

1. This report introduces the investment strategy statement (ISS) (Appendix 1) that outlines the objectives, policies, and processes for managing the Enfield pension fund assets. The ISS is a legal requirement under the Pension Schemes Act 2015 and the Occupational Pension Schemes (Investment) Regulations 2016. It also serves as a communication tool between the Pension, Policy & Investment Committee (PPIC), the investment managers, and the members of the pension scheme.

Recommendations

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| <ol style="list-style-type: none">1. PPIC are asked to agree the investment Strategy Statement (Appendix 1) for the London Borough of Enfield Pension Fund ("Fund") |
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Background and Options

2. Enfield Council (the Council) is the Administering Authority of the Enfield Pension Fund Local Government Pension Scheme. In this capacity, the Council has responsibility to ensure the proper management of the Fund.
3. The Council has delegated to PPIC "all the powers and duties of the Council in relation to its functions as Administering Authority except for

those matters delegated to other committees of the Council or to an officer.”

4. The primary objective of the pension fund is to provide benefits to the members in accordance with the scheme rules and to meet the statutory funding requirements.
5. The secondary objective is to achieve a long-term return on the assets that exceeds the liabilities, while maintaining an appropriate level of risk and liquidity.
6. The Fund has a paramount duty to seek the best possible return on its investment taking into account a properly considered level of risk. A well governed and well-managed pension fund will be rewarded by good investment performance in the long term.
7. The primary tool for achieving investment returns is Strategic Asset allocation (SAA). PPIC recently reviewed it's SAA and agreed to a new allocation at the January 2024 meeting of PPIC.
8. The strategic asset allocation is based on the results of the asset-liability modelling exercise, the risk appetite of the PPIC, and the expected returns and risks of the asset classes.
9. The fund employs a diversified portfolio of assets, including equities, bonds, property, and alternatives, to achieve its objectives.
10. Regulations requires an administering authority to publish an investment strategy statement (ISS) which must be in accordance with guidance issued by the Secretary of State. This must be approved by PPIC
11. The ISS is subject to periodic review at least every three years and without delay after any significant change in investment policy
12. The ISS serves several purposes and benefits for the pension fund, such as:
 - It provides a clear and consistent framework for the investment decision-making and governance of the fund.
 - It helps to align the interests and expectations of the PPIC, the investment managers, and the members.
 - It demonstrates PPIC compliance with the legal and regulatory requirements and the best practices of the industry.
 - It enhances the transparency and accountability of the fund's investment activities and performance.
 - It supports the fund's long-term sustainability and resilience in the face of market volatility and uncertainty.

Preferred Option and Reasons For Preferred Option

13. The ISS is a key document that defines the investment strategy and governance of the pension fund. It reflects PPIC's fiduciary duty and the members' interests. It also helps to ensure the fund's compliance with regulations, transparency, and performance.
14. The statutory requirement is for the ISS to be reviewed and updated at least every three years or whenever there is a significant change in the fund's circumstances. However, the new ISS in Appendix 1 recommends an annual review of the SAA and the ISS will be updated following this should there be any changes.
15. The ISS will be communicated to the investment managers, the custodian, the employers, and the members of the Fund. PPIC will also monitor and review the implementation and effectiveness of the ISS on an ongoing basis.

Financial Implications

16. Investment returns have a direct correlation to contribution rates from Employers in the Fund. Any additional investment returns will result in lower future pension contributions from Employers resulting in those employers (including Enfield Council) having additional funds to spend on front line services

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Appendices

Appendix 1: Investment Strategy Statement