

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 12

## **PENSION FUND COMMITTEE REPORT**

12 DECEMBER 2018

### **STRATEGIC DIRECTOR FINANCE, GOVERNANCE & SUPPORT – JAMES BROMILEY**

### **REPORT – FUNDING STRATEGY STATEMENT, INVESTMENT STRATEGY STATEMENT & OFFICERS' SCHEME OF DELEGATION**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To ask Members to approve the proposed revised wording for Funding Strategy Statement and the Investment Strategy Statement prior to their circulation to stakeholders for comments.
- 1.2 To ask Members to approve the revised Officers' Scheme of Delegation.

#### **2. RECOMMENDATION**

- 2.1 That Members approve the proposed revised wording for the Funding Strategy Statement and the Investment Strategy Statement and to approve the revised Officers' Scheme of Delegation.

#### **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no specific financial implications arising from this report.

#### **4. BACKGROUND**

- 4.1 The Local Government Pension Scheme Regulations 2013 (as amended) required Administering Authorities to publish a Funding Strategy Statement by 31 March 2015 and to keep this statement under review, consulting with such persons as it considers appropriate when carrying out this review.
- 4.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) required Administering Authorities to prepare and publish an Investment Strategy Statement by 1 April 2017, after taking appropriate advice and consulting with relevant persons. This Statement needs to be reviewed at least every three years, or more often where necessary.
- 4.3. When preparing and revising both the Funding Strategy Statement and the Investment Strategy Statement, Administering Authorities should have regard to relevant guidance.

## **5. CHANGES**

5.1 The proposed revised wording for the Funding Strategy Statement is enclosed as Appendix A. These are the material differences from the previous version:

- Treatment of surplus revealed at an actuarial valuation is clarified. In particular it is made clear that in normal circumstances tax-raising employers would be able to use surplus to reduce their contributions below the cost of accruing benefits by spreading the surplus element over the maximum period for deficit recovery.
- Employers with guarantors who are in surplus or deficit when they exit the Fund would normally have that surplus or deficit transferred to the guarantor.
- Where an exit calculation is required, the Statement confirms this can only commence once the necessary data has been supplied to the actuary.
- The Fund's target strategic benchmark has been updated to reflect the new details set out in the revised Investment Strategy Statement.

5.2 The proposed revised wording for the Investment Strategy Statement is enclosed as Appendix B. These are the material differences from the previous version:

- Reference is made to the Deputy Section 151 Officer in the roles and responsibilities.
- The Fund's long term target strategic asset allocation is updated in line with the proposal agreed at the 19 September 2018 Committee meeting.

5.3 The revised wording for the Officers' Scheme of Delegations is enclosed as Appendix C. These are the material differences from the previous version:

- The job roles and titles are updated to reflect changes within the team.
- The role of the Deputy Section 151 Officer is included to reflect new reporting lines.
- The stock limits have been increased to reflect the larger values typically involved in trading pooled funds instead of individual stocks.

## **6. NEXT STEPS**

6.1 Once the revised wording is approved, the Funding Strategy Statement and Investment Strategy Statement will be circulated to relevant stakeholders (principally the scheme employers) for comments. If no significant changes result from this the documents will be published in final form on the Fund's website. If significant amendments are requested the documents will be brought back to the Committee for approval before publication.

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