



<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	
17 March 2017	
10 am	Public

## INVESTMENT STRATEGY STATEMENT

**Responsible Officer** Justin Bridges  
e-mail: [justin.bridges@shropshire.gov.uk](mailto:justin.bridges@shropshire.gov.uk) Tel: (01743) 252072

### 1. Summary

- 1.1 The report informs Members of the requirement to publish an Investment Strategy Statement. It sets out the Investment Strategy Statement which requires approval prior to the 1 April 2017 as required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

### 2. Recommendations

- 2.1 Members are asked approve the Investment Strategy Statement at Appendix A.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Regular monitoring against the published Investment Strategy Statement will give early warning of areas of difficulty.

### 4. Financial Implications

- 4.1 There are no financial implications to consider in this report.

## **5. Background**

- 5.1 For many years Local Government Pension Funds have been required to maintain a Statement of Investment Principles (SIPs). In broad terms this document laid out the things that were considered by the Fund when making investment decisions and included the types of investments that could be held, how the various risks were taken into account and what the Fund's objectives were.
- 5.2 The requirement for LGPS administering authorities to prepare an Investment Strategy Statement was brought in under the new Local Government Pension Scheme (LGPS) Investment Regulations which became effective on 1 November 2016. These Regulations removed the restrictions on investments that were formerly in place for the LGPS and, in effect, allowed individual Funds complete discretion about where and how to invest.
- 5.3 The Regulations also introduced a requirement for administering authorities to formulate, publish and maintain an Investment Strategy Statement and this needs to be approved by 1 April 2017. The ISS is simply a more detailed version of the SIPs, with the SIPs being no longer necessary.
- 5.4 The Investment Strategy Statement has been prepared in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

## **6. Statutory Background**

- 6.1 The Investment Strategy Statement (ISS) must include:-
- A requirement to invest money in a wide variety of investments;
  - The authority's assessment of the suitability of particular investments and types of investments;
  - The authority's approach to risk, including the ways in which risks are to be measured and managed;
  - The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
  - The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
  - The authority's policy on the exercise of rights (including voting rights) attaching to investments.
- 6.2 The pension fund should have flexibility to be able to take into account changes in the market in order to be able to enhance or protect returns.

Within Shropshire there is clearly defined governance around the setting of the strategic asset allocation for the Fund by the Pension Committee, with this strategy being implemented based on decisions agreed at Pension Committee. As a result it is considered preferable that the ISS is written in such a way that it does not require amendment unless there are fundamental changes to the Fund's approach.

- 6.3 Appendix A to this report is the Investment Strategy Statement which is based on a template produced by Aon Hewitt, the Fund's investment advisor, and covers all the necessary areas. Members are asked to approve the Investment Strategy Statement.

## 7 Publication

- 7.1 The Investment Strategy Statement will be published and distributed electronically to investment advisors, investment managers and scheme employers following approval. The ISS will also be available on the Fund website.

## 8. Monitoring and Review

- 8.1 The ISS is subject to review if there are any material changes to any aspects of the Fund.

### List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee, November 2015, Statement of Investment Principles.

#### Cabinet Member

N/A

#### Local Member

N/A

#### Appendices

A – Investment Strategy Statement