

Local Members Interest	
<u>Nil</u>	

PENSIONS PANEL – 3 MARCH 2020

Report of the Director of Corporate Services

INVESTMENT STRATEGY STATEMENT (ISS)

Recommendation of the Chair

1. That the Pensions Panel approves the updated Staffordshire Pension Fund Investment Strategy Statement (ISS).
2. That the Pensions Panel notes the potential requirement for further updates to the Investment Strategy Statement (ISS) once the outcome of the Ministry of Housing, Communities and Local Government's (MHCLG) formal consultation on the Statutory Guidance on Asset Pooling in the LGPS is known.

Reasons for Recommendations

3. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force in 2017 and under Regulation 7(6) and 7(7), the first ISS (which replaced the Statement of Investment Principles) had to be published by 1 April 2017, kept under review and revised from time to time and at least every three years.

Investment Strategy Statement (ISS)

4. The ISS documents how the investment strategy for the Fund is determined and implemented and is required to cover numerous areas, specifically:
 - The requirement to invest money across a wide range of investments;
 - An assessment of the suitability of particular investments and investment types;
 - The maximum percentage authorities deem should be allocated to different asset classes or types of investment, although limits on allocations to any asset class are not prescribed as was the case under the previous (2009) Regulations;
 - The authority's attitude to risk, including the measurement and management of risk;
 - The authority's approach to investment pooling;
 - The authority's policy on social, environmental and corporate governance considerations; and

- The authority's policy with regard to stewardship of assets, including the exercise of voting rights.
5. The Fund's ISS was published in April 2017 and has been reviewed annually since, to better reflect the arrangements in place for asset pooling and the transfer of assets into LGPS Central Limited. The latest version of the ISS (**Appendix 2**) has been updated to reflect the outcome of the 2019 Actuarial Valuation, changes to the Funding Strategy Statement (FSS) and the subsequent Strategic Asset Allocation review, undertaken by Hymans Robertson and presented to the Pensions Panel in December 2019.
 6. Under Regulation 7(5), the authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy. In the formulation of the updated ISS, the Fund has consulted with its investment advisors – Hymans Robertson.
 7. Pensions Panel Members are asked to note that the document may need further substantial revision following the outcome of the MHCLG's formal consultation on the Statutory Guidance on Asset Pooling in the LGPS; expected sometime in 2020. At this stage, wider consultation on the ISS may also be considered appropriate.

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Director of Corporate Services

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Background Documents:

1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Appendix 1

Equalities implications: There are no direct equalities implications arising from this report.

Legal implications: The legal implications are included in the body of the report.

Resource and Value for money implications: The resource and value for money implications are included in the body of the report.

Risk implications: Risk implications are covered within the Investment Strategy Statement, as required by regulations.

Climate Change implications: The implications of climate change on financial markets and its proactive management through stewardship activities, is included as an investment belief of Staffordshire Pension Fund in the Investment Strategy Statement.

Health Impact Assessment Screening: There are no direct implications arising from this report.