

Local Members Interest	
<u>Nil</u>	

PENSIONS PANEL – 7 MARCH 2023

Report of the Director of Finance

INVESTMENT STRATEGY STATEMENT (ISS)

Recommendation of the Chair

1. That the Pensions Panel approves the updated Staffordshire Pension Fund Investment Strategy Statement (ISS) and recommends further approval of such to the Pensions Committee.
2. That the Pensions Panel notes the potential requirement for further updates to the Investment Strategy Statement (ISS) once the outcome of the Department for Levelling Up, Housing and Communities (DLUHC) 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 ISS must be kept under review and updated 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;
 - 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 last major review of the ISS was undertaken in April 2020, and this incorporated the outcome and outputs from the 2019 Strategic Asset Allocation review and the 2019 Actuarial Valuation. This ISS has been updated since for relatively minor amendments and the latest published version of the ISS is dated April 2021.
6. Whilst very similar in structure, the April 2023 version of the ISS, attached at Appendix 2, contains major revisions, as it reflects the outcome and outputs from the 2022 Strategic Asset Allocation review and 2022 Actuarial Valuation. The April 2023 ISS also includes detail about the arrangements for the Fund's transfer of assets into LGPS Central Ltd and it incorporates the Fund's Climate Change Strategy (published in 2022).
7. 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.
8. Pensions Panel Members are asked to note that the document may need further revision following the outcome of the DLUHC's formal consultation on the Statutory Guidance on Asset Pooling in the LGPS; expected sometime in early 2023.

Rob Salmon
Director of Finance

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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 in the Staffordshire Pension Fund Climate Change Strategy.

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