



Report to Pension Fund Committee

Date: 29th September 2022

Reference number: N/A

Title: Investment Strategy Statement

Relevant councillor(s): None specific

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Ward(s) affected: None specific

Recommendations: The Committee is asked to approve the updated Investment Strategy Statement (ISS).

Reason for decision: The Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 require all LGPS Administering Authorities to issue an ISS. The current ISS needs to be updated for revisions in asset allocations (section 3) and the Fund's social, environmental and corporate governance policy (section 7).

Executive summary

- 1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) require administering authorities to formulate and to publish an Investment Strategy Statement (ISS), in accordance with guidance issued from time to time by the Secretary of State. The ISS for the Fund sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets.
- 1.2 A change to the asset allocation is proposed reflecting the increase in allocations to private markets and a reduction in allocation to bonds. The Fund has made significant commitments to Brunel private market cycles which will be drawn over time (section 3). The ISS has also been updated for the Fund's social, environmental and corporate governance policy (section 7).

Content of report

- 1.3 The Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 (the Regulations) require administering authorities to formulate and to publish an Investment Strategy Statement, in accordance with guidance issued from time to time by the Secretary of State. The ISS for the Fund sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets.
- 1.4 An authority must, after taking proper advice, formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State. The authority's investment strategy must include:
- a requirement to invest fund 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 assessed 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 and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments
- 1.5 The Committee approved the latest ISS in September 2021. The ISS attached as Appendix 1, with tracked changes proposes an update to the asset allocation to reflect the increase in allocations to private markets and a reduction in allocation to bonds. The Fund has made significant commitments to Brunel private market cycles which will be drawn over time (section 3) and funded from cash / corporate bonds in the medium term. The ISS has also been updated for the Fund's social, environmental and corporate governance policy (section 7).

Legal and financial implications

- 1.6 The Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 require all LGPS Administering Authorities to issue an ISS.

Next steps and review

The ISS is reviewed every three years following the triennial actuarial valuation, although ad hoc revisions can be made where required.

Background papers

None.

