

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND INVESTMENT SUB COMMITTEE  
1 March 2017

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### **Investment Strategy Statement**

#### **Purpose of the Report**

1. This report presents the draft Investment Strategy Statement (ISS) for consideration and review. The ISS is a new document required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Following this meeting the ISS will be consulted on with the Fund's stakeholders prior to approval by the Pension Fund Committee on 23 March 2017.

#### **Background**

2. In November 2015 the Department for Communities and Local Government (DCLG) issued a consultation proposing revoking and replacing the LGPS (Management and Investment of Funds) Regulations 2009. Within this consultation, proposals were made removing the requirement to prepare a Statement of Investment Principles and replacing with an Investment Strategy Statement.
3. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force on 1 November 2016 with the requirement for administering authorities to publish the new Investment Strategy Statement by 1 April 2017.

#### **Main Consideration for Committee**

4. Attached is the draft ISS for this Committee's review and consideration. This document has been written by Mercers in conjunction with officers.
5. This is the first document in this format and replaces the Statement of Investment Principles previously approved annually.
6. The new investment regulations specifically states that the following areas must be included within the ISS:-
  - A requirement to invest money in a wide variety of investments;
  - The authority's assessment of the suitability of particular investments and types of investment;
  - The authority's approach to risk, including the ways risk are to 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.

7. The ISS must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.
8. One of the main aims of the new investment regulations is to transfer decisions and their considerations more fully to the Fund within a new prudential framework. The Fund is therefore now responsible for setting its policies on areas such as asset allocation, risk and diversification.
9. In relaxing the regulatory framework for scheme investments, the Fund is expected to make investment decisions with a prudential framework with less central prescription. It is important therefore that the regulations include a safeguard to ensure the less prescriptive approach is used appropriately in the best long term interests of the scheme beneficiaries and taxpayers.
10. In line with the regulations the Fund must consult such persons as it considers appropriate as to the proposed contents of its investment strategy. The statement must then be published by 1 April 2017 and then kept under review and revised from time to time, in particularly when there is a material change in risk, and at least every three years.
11. Following review by this Committee, the draft Investment Strategy Statement will be circulated to all Committee and Local Pension Board Members for a consultation period of 2 weeks. A link to the document will also be put on the Fund's website so scheme members can view the statement and a copy sent to all of the Fund's employer organisations during the consultation period. A final version will then be submitted to the Pension Fund Committee on 23 March 2017 for approval and publication.

### **Financial Considerations**

12. The Financial considerations are considered within the attached draft ISS.

### **Risk Assessment**

13. This paper proposes a new Investment Strategy Statement as required by The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Investment Strategy Statement attempts to mitigate the risks outlined in PEN007 *Significant rises in employers contributions due to poor investment returns* in the Fund's Risk Register.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

14. There are no known implications at this time.

### **Reasons for Proposals**

15. To comply with the requirements of the new investment regulations.

### **Environmental Impact of the Proposals**

16. There are no known implications at this time.

## **Proposal**

17. The Committee is asked to approve the draft 2017 Investment Strategy Statement for consultation and subsequent submission to the Pension Fund Committee on 23 March 2017.

MICHAEL HUDSON  
Treasurer to the Wiltshire Pension Fund

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Unpublished documents relied upon in the production of this report:       None

