

<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Investment Strategy Review Timetable and ISS update</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> <b>Two</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pensions Committee 24th June 2020</b>		

**1. INTRODUCTION**

1.1. This report sets out a revised timetable for the development of the Fund’s 2020 Investment Strategy following the 2019 actuarial valuation. It also presents a revised interim Investment Strategy Statement for approval by the Committee.

**2. RECOMMENDATIONS**

2.1. The Committee is recommended to:

- Note the revised timetable for development of the 2020 investment strategy.
- Approve the interim Investment Strategy Statement for publication on the Fund’s website and within the Annual Report and Accounts.

**3. RELATED DECISIONS**

3.1. Pensions Committee 29th March 2017 – Investment Strategy Statement

**4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

4.1. This paper sets out a revised timetable for the development of the Fund’s 2020 investment and presents a draft interim Investment Strategy Statement for Committee approval. Development of a robust investment strategy helps the Fund to take an ordered and prudent approach to the management of its assets, helping to manage the long term costs associated with the Pension Fund.

4.2. Spending time developing the investment strategy helps to ensure that the Pensions Committee are fulfilling their responsibilities as quasi Trustees of the Fund and that the Fund’s investment objectives and policies are clearly set out in line with the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016

4.3. There are no direct financial implications arising from this report.

## **5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 5.1. The Committee has responsibility for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions. Reviewing the Fund's Investment Strategy following the 2019 actuarial valuation helps to ensure that the Strategy remains appropriate given the funding position and assists the Committee in fulfilling this duty.
- 5.2. Regulation 7 of the 2016 Regulations requires the Administering Authority to formulate an Investment Strategy Statement (ISS) in line with guidance published by the Secretary of State. Broad powers allow the Government to intervene if an Administering Authority does not publish and maintain an ISS as set out in the guidance. Updating the ISS at this time ensures that the Fund remains compliant with Regulation 7.

## **6. INVESTMENT STRATEGY DEVELOPMENT TIMETABLE**

- 6.1. Appendix 1 to this report presents a revised timetable for the development of the Fund's investment strategy. The timetable has been updated to take into account the impact of the Coronavirus pandemic and the cancellation of the March 2020 Pensions Committee meeting.
- 6.2. The timetable breaks down the topics to be discussed as part of investment strategy development, including investment beliefs and objectives (including around Responsible Investment), asset allocation, rebalancing and cashflow planning. It sets out an indicative timetable for discussion of these issues and the review of necessary policy documents, including the Investment Strategy Statement (ISS) and the Responsible Investment and Voting & Engagement policies.
- 6.3. The timetable increases the time available for discussion of key issues by including 2 planned workshops during July. The proposed agendas for these workshops therefore do not include formal decision making, but instead permit additional discussion of key topics ahead of formal meetings in September and December.

## **7. INTERIM INVESTMENT STRATEGY STATEMENT**

- 7.1. Appendix 2 to this report presents a draft interim Investment Strategy Statement (ISS) for review by the Committee. The statement is based on the Fund's current strategy and investments as at 31st March 2020.
- 7.2. Approval of an interim ISS is requested as the Committee last formally reviewed the ISS in March 2017. The Fund is required to update the ISS at least every 3 years - formal review is therefore now required ahead of the new investment strategy being finalised.
- 7.3. The updates made to the statement relate primarily to the Fund's asset allocation, which has changed significantly since the statement was last approved. Changes have also been made to the section concerning pooling, as the Fund has pooled some of its assets since the previous update.
- 7.4. It is intended that the ISS should be reviewed again once the new investment strategy (including any changes to the Fund's Responsible Investment approach) has been finalised.

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**Appendices**

Appendix 1 - Investment Strategy Development Timetable - Revised

Appendix 2 - Draft Interim Investment Strategy Statement