

WIRRAL COUNCIL

PENSIONS COMMITTEE

21 MARCH 2017

SUBJECT:	INVESTMENT STRATEGY STATEMENT
WARD/S AFFECTED:	NONE
REPORT OF:	MANAGING DIRECTOR DELIVERY
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report approval from Members for the draft Investment Strategy Statement (ISS) which is attached as an appendix to this report.
- 1.2 Approval is also sought for the revised Asset Allocation Strategy on page two of the ISS.
- 1.2 At Committee in November 2016, Members considered the implications of the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Regulations”) issued by The Department for Local Government and Communities (DCLG) and the accompanying guidance in relation to the requirement for administering authorities to prepare and maintain an Investment Strategy Statement which must be in place no later than 1 April 2017.
- 1.3 The Investment Strategy Statement will replace the Fund’s Statement of Investment Principles.

2.0 BACKGROUND AND KEY ISSUES

Statutory Background

- 2.1 Regulation 7(1) requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The Investment Strategy Statement replaces the Fund’s existing Statement of Investment Principles (SIP).
- 2.2 The Investment Strategy Statement required by Regulation 7 must include:-
- a) A requirement to invest money in a wide variety of investments;
 - b) The authority’s assessment of the suitability of particular investments and types of investments;

- c) The authority's approach to risk, including the ways in which risks are to be measured and managed;
 - d) The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
 - e) 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
 - f) The authority's policy on the exercise of rights (including voting rights) attaching to investments.
- 2.3 The Investment Strategy Statement 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.
- 2.4 The authority's investment strategy may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.
- 2.5 The authority must consult such persons as it considers appropriate as to the contents of its investment strategy.
- 2.6 The authority must review and if necessary revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions.

3.0 INVESTMENT STRATEGY

- 3.1 In conjunction with the Actuarial Valuation and Funding Strategy Statement (the subject of separate reports on this agenda), investment strategy is also reviewed with the Fund's advisors to ensure that the Fund's asset allocation will deliver investment returns over the long term to secure the long term solvency of the Fund by achieving and maintaining sufficient assets to cover 100% of projected accrued liabilities whilst taking an appropriate level of risk.
- 3.2 No significant changes are proposed. At November's Committee meeting, Members approved an increase in the allocation to Infrastructure from 5% to 7%. This is reflected in the new investment strategy and has been funded by reductions in the existing allocations to bonds and hedge funds.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Regulations are a mandatory requirement.

5.0 CONSULTATION

5.1 Employers have been consulted on the revised FSS and investment strategy.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 None.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 None.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no relevance to equality.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Members approve the Investment Strategy Statement and the revised investment strategy.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 There is a statutory requirement for the Fund to prepare and maintain an Investment Strategy Statement.

REPORT AUTHOR: Peter Wallach
Director of Pensions
telephone (0151) 242 1309
email peterwallach@wirral.gov.uk

APPENDICES

Investment Strategy Statement

BACKGROUND PAPERS/REFERENCE MATERIAL

Local Government Pension Scheme Guidance on Preparing and Maintaining an Investment Strategy Statement Department for Communities and Local Government September 2016

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date