

**Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>15 March 2017</b>
Subject:	<b>Lincolnshire Pension Fund - Investment Strategy Statement</b>

**Summary:**

This paper brings the Investment Strategy Statement to the Pension Board for information.

**Recommendation(s):**

That the Board consider the Investment Strategy Statement.

**Background**

1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require an Investment Strategy Statement (ISS) (draft attached as appendix A) to be produced by all Local Government Pension Schemes by the 1<sup>st</sup> April 2017. The ISS is to replace the Statement of Investment Principles and is required to be reviewed at least every three years.
2. Section 7 of the regulations states that:
  - (1) *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.*
  - (2) *The authority's investment strategy must include —*
    - (a) *a requirement to invest fund 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 assessed 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 and 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 the rights (including voting rights) attaching to investments.*
- (3) *The authority's investment strategy must 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.*
- (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(d).*
- (5) *The authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy.*
- (6) *The authority must publish a statement of its investment strategy formulated under paragraph (1) and the first such statement must be published no later than 1st April 2017.*
- (7) *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.*
- (8) *The authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund.*
3. In the preparation of the ISS, officers used a template prepared by the Fund's Consultant, Hymans Robertson, and worked with other Funds who are part of the Border to Coast Pensions Partnership. This has ensured consistency between Funds in their ISS regarding the approach to pooling.
4. The ISS has been produced to ensure that all required areas of the guidance have been included.
5. The ISS was sent to all employers in the Fund for consultation on Wednesday 22<sup>nd</sup> February, providing them with an opportunity to raise any questions or comments ahead of the Pensions Committee meeting on 8<sup>th</sup>, where it will be approved. Employers will also be given an opportunity to ask for clarification at the employer's annual meeting, being held on Thursday 23<sup>rd</sup> March.

## **Conclusion**

6. The Investment Strategy Statement has been prepared following the guidance outlined above for approval by the Pensions Committee at its 8<sup>th</sup> March meeting.

**Consultation**

**a) Have Risks and Impact Analysis been carried out??**

Yes

**b) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

**Appendices**

These are listed below and attached at the back of the report	
Appendix A	Investment Strategy Statement

**Background Papers**

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