

## **DRAFT**

Report to: **Pension Committee**

Date of meeting: **27 February 2017**

By: **Interim Chief Finance Officer**

Title: **Investment Strategy Statement (ISS)**

Purpose: **To provide the Committee with the new Investment Strategy Statement the East Sussex Pension Fund.**

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### **RECOMMENDATION – The Committee is recommended to approve the Investment Strategy Statement (ISS)**

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#### **1. Background**

1.1 The LGPS - Management & Investment of Funds Regulations laid before parliament on 23<sup>rd</sup> September and came into force from 1st November 2016. These regulations remove many of the investment restrictions imposed on LGPS funds, introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a new Investment Strategy Statement (ISS) by 1st April 2017. This statement will replace the Statement of Investment Principles (SIP).

1.2 In order to comply with the regulations, administering authorities must take proper advice. They should also explain the extent to which the views of their Pension Board and other interested parties who they consider may have an interest will be taken into account when making an investment decision based on non-financial factors and must explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments.

#### **2. Investment Strategy Statement (ISS)**

2.1 The ISS outlines the East Sussex Pension Fund investment objectives. The primary long term objective is to achieve and maintain a funding level at, or close to 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates.

2.2 All pension funds are required to prepare, maintain and publish an ISS. This document is designed to explain to fund members, employers and any other interested parties how the assets are managed and the factors that are taken into account in so doing. The latest version will be made available on the Council's website and a copy is attached at Appendix 1.

2.3 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 ISS must include:

- A requirement to invest 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 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.

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## **3. Conclusion and reasons for recommendations**

3.1 Under Regulation 7(6) and (7), the statements must be published by 1st April 2017 and then kept under review and revised from time to time and at least every three years. Under transitional arrangements, key elements of the 2009 Regulations relating to investment policies will continue in force until such time that the Investment Strategy Statement under Regulation 7 is published.

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### **Background Documents**

None