

Pension Fund Committee

Meeting to be held on Friday, 23 March 2018

Electoral Division affected: (All Divisions);
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Investment Strategy Statement

(Appendix A refers)

Contact for further information: Abigail Leech, Head of Fund,
abigail.leech@lancashire.gov.uk

Executive Summary

The report presents an updated Investment Strategy Statement following the recent review of the Strategic Asset Allocations and the latest guidance. This report identifies the changes and seeks approval of the Strategy

Recommendation

To approve the Investment Strategy Statement attached as Appendix 'A'.

Background and Advice

Lancashire County Council as the administering authority of the Lancashire County Pension Fund is required to publish an Investment Strategy Statement (ISS) in accordance with the then DCLG guidance on Preparing and Maintaining an Investment Strategy Statement. These regulations were updated in July 2017

The investment regulations came into force on the 1st November 2016 and the ISS was required to be approved and published by that date therefore a Statement was approved under the urgent business process and reported to the Pension Fund Committee in December 2016. The regulations require the ISS is "kept under review and revised from time to time and at least every three years."

Although within the three year timeframe it is appropriate to update the ISS as the Investment Panel has recently undertaken a detailed review of the Strategic Asset Allocations and performance benchmarks. Some minor amendments were recommended and these were approved by the Committee in December 2017. Those changes were:

- A 2.5% reduction in Private Equity.
- A 2.5% increase in Infrastructure (5% increase in the top range).
- A 1% decrease in Alternative Credit.
- A 1% increase in Cash.

These amended allocations are now reflected in the ISS. Other changes to the ISS have been made to reflect changes in governance or to enhance the ISS as a stand-alone document and do not reflect any change in investment strategies. The changes are:

- The inclusion of the performance benchmarks
- Amended role of the Investment Panel to align with the latest Governance Policy
- Identification of key risks to the Fund
- The inclusion of a statement of compliance with the Myners principles

Consultations

The Local Pensions Partnership and the independent advisers to the Pension Fund Committee were consulted on the final version of the ISS and indicated that they were happy to recommend it for approval. In addition a copy of the ISS was circulated to all members of the Lancashire Local Pension Board.

Implications:

This item has the following implications, as indicated:

Risk management

The ISS is an important part of the governance of the Fund and ensures statutory regulations are adhered to.

Local Government (Access to Information) Act 1985 **List of Background Papers**

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		