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|-----------------------|--------------------------------|---|---|
| <b>Item No.</b><br>6. | <b>Classification:</b><br>Open | <b>Date:</b><br>26 January 2022             | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>  |                                | Launch of New Investment Strategy           |   |
| <b>From:</b>          |                                | Senior Finance Manager, Treasury & Pensions |   |

## **Recommendations**

1. The pensions advisory panel is asked to:
  - i. Agree the final version of the Investment Strategy Statement as Appendix A.
  - ii. Agree the updated investment strategy to achieve net zero carbon exposure by 2030 as Appendix B.

## **Background**

2. In accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, an Administering Authority must prepare and maintain a written Investment Strategy Statement (“ISS”) of the principles governing its decisions on the investment of the Fund. The ISS must be in accordance with guidance issued by the Department for Levelling UP, Housing and Communities.
3. The Fund’s existing ISS was published in April 2017 and there is a requirement to review the policy from time to time and at least every three years.
4. The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments that the Fund will invest in particular investments or classes of investment.
5. As part of the 2017 Investment Strategy Statement, and following the council’s commitment to reduce fossil fuel exposure in the pension fund’s investments over time, an investment strategy setting out how this would be achieved was agreed.

## **Consultation**

6. A two week formal consultation on the new Investment Strategy Statement has been conducted with scheme employers, with no responses being received.

## **Revised Investment Strategy**

7. The previous strategy has acted to counteract the risk to the Fund of exposure to fossil fuels. When this strategy was agreed, we set out a short, medium and long-term plan.
8. During this time, significant progress has been made, whilst maintaining investment performance. This strong performance, along with the Fund's conviction that strong investment performance can be delivered alongside reducing carbon exposure, has demonstrated that it is now appropriate to move to the next stage of revising the strategy to make further progress towards a net zero carbon commitment by 2030.

## **Next Steps**

9. The investment strategy statement and revised investment strategy, to achieve net zero carbon by 2030, have been amended to take account of comments raised at the last PAP meeting in September 2021. PAP members are asked to agree the final version of both documents.
10. Following agreement, the new investment strategy will be launched on the pension fund website.

## **Community, Equalities (including socio-economic) and Health Impacts**

### **Community Impact Statement**

11. No immediate implications arising.

### **Equalities (including socio-economic) Impact Statement**

12. No immediate implications arising.

### **Health Impact Statement**

13. No immediate implications arising.

### **Climate Change Implications**

14. No immediate implications arising.

### **Resource Implications**

15. No immediate implications arising.

### **Legal Implications**

16. No immediate implications arising.

## **Financial Implications**

17. No immediate implications arising.

## **Consultation**

18. No immediate implications arising

## **APPENDICES**

| Name       | Title   |
|------------|---|
| Appendix A | Investment Strategy Statement   |
| Appendix B | Updated investment strategy to achieve net zero carbon exposure by 2030 |

## **AUDIT TRAIL**

| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                   |
|---|--|-------------------|
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager, Treasury & Pensions   |                   |
| <b>Version</b>  | Final  |                   |
| <b>Dated</b>  | 14 December 2021   |                   |
| <b>Key Decision?</b>  | No   |                   |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                   |
| Officer Title   | Comments Sought  | Comments Included |
| Director of Law and Governance  | N/A  | N/A               |
| Strategic Director of Finance and Governance                            | N/A  | N/A               |
| Cabinet Member  | N/A  | N/A               |
| Date final report sent to Constitutional Team                           | 15 December 2021   |                   |