

# Report of the Managing Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 20 March 2024

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**Subject: Investment Strategy Statement**

## **Summary statement:**

This report provides the Pension Board with a draft of an updated Investment Strategy Statement (ISS) which has recently been issued for consultation with WYPF stakeholders following consideration at the WYPF Investment Advisory Panel ('IAP') meeting on 25 January 2024. The ISS has been revised to reflect developments in WYPF's investment arrangements and beliefs; and in particular the changes in strategic asset allocation agreed by the Investment Advisory Panel during 2023.

The closing date for consultation responses is 5 April 2024.

## **Recommendation**

That the Board;

- a) notes the draft ISS, the relevant regulations and guidance and the consultation process which is currently ongoing and;
- b) considers whether it wishes to feed into the consultation.

## **EQUALITY & DIVERSITY:**

None

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Euan Miller  
Managing Director

**Portfolio:**

**[Insert where appropriate]**

Report Contact: Euan Miller  
Head of Governance and Business  
Development  
Phone: 01274 432317  
E-mail: euan.miller@wypf.org.uk

**Overview & Scrutiny Area:**

## 1. SUMMARY

- 1.1 The [Draft ISS](#) is intended to set out the high-level principles that govern WYPF's investment strategy. Those principles influence or are developed in some of WYPF's policies and procedures such as the Funding Strategy Statement, Responsible Investment policy (and the RI Policy of the NLGPS Pool) and Stewardship Code Submission.
- 1.2 The significant changes from the previous version of the ISS are the revised Strategic Asset Allocation and performance benchmarks; providing greater detail and clarity with regards to Responsible Investment policies; and better reflecting the current operation of the Northern LGPS Pool and its role in relation to WYPF's investment arrangements.
- 1.3 An earlier draft of the ISS was considered at the 25 January 2024 meeting of the Investment Advisory Panel ('IAP') with some changes suggested which were incorporated in the version which is linked to above.
- 1.4 LGPS regulations require that when material changes are made to the Investment Strategy Statement, the administering authority must consult such person as it considers appropriate. The consultation was launched on 12<sup>th</sup> February. The draft ISS and a [feedback form](#) for comments are available on the WYPF website. An e-mail alert regarding the consultation was issued to all WYPF members and employers for which WYPF holds an e-mail address. The closing date for responses is 5 April 2024 and responses received will be considered at the IAP meeting on 25 April.

## 2. BACKGROUND

- 2.1 Regulation 7(1) of [The Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#) requires the administering authority of a LGPS pension fund to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State from time to time.
- 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 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.
- 2.5 The ISS should provide a prudential framework within which administering authorities can set their policy on asset allocation, risk and diversification, amongst other things. It is formulated in conjunction with the Funding Strategy Statement which identifies how each Fund employer's present and future pension liabilities are to be met.
- 2.6 The Department for Communities, Housing and Local Government issued [Statutory Guidance on Preparing and Maintaining an Investment Strategy Statement](#) in 2017. It appears likely that the measures set out in the recent consultation on LGPS Investment arrangements will be implemented by updating this guidance. It may therefore be necessary to review the ISS in light of any updated guidance when released.

### **3 OTHER CONSIDERATIONS**

None

### **4 FINANCIAL & RESOURCE APPRAISAL**

None

### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

None

### **6. LEGAL APPRAISAL**

The relevant legal considerations are set out in section 2 of this report.

### **7. OTHER IMPLICATIONS**

#### **7.1 SUSTAINABILITY IMPLICATIONS**

None

#### **7.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS**

The draft ISS sets out how WYPF considers responsible investment matters, including those which relate to the climate emergency.

#### **7.3 COMMUNITY SAFETY IMPLICATIONS**

None

**7.4 HUMAN RIGHTS ACT**

None

**7.5 TRADE UNION**

None

**7.6 WARD IMPLICATIONS**

None

**7.7 AREA COMMITTEE LOCALITY PLAN IMPLICATIONS**

None

**7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

None

**7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

None

**10. RECOMMENDATIONS**

That the Board;

- a) notes the draft ISS, the relevant regulations and guidance and the consultation process which is currently ongoing and;
- b) considers whether it wishes to feed into the consultation.