

PENSIONS COMMITTEE
13 MARCH 2017**INVESTMENT STRATEGY STATEMENT**

Recommendation

The Chief Financial Officer recommends that the Fund's Investment Strategy Statement be approved by the Committee.

Background

1. The new LGPS Investment Regulations came into effect from 1 November 2016. These regulations remove many of the investment restrictions imposed on LGPS funds, introduces a prudential framework for investment decision making, introduces a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and requires all funds to publish a new Investment Strategy Statement by 1 April 2017.
2. Under Regulation 7(6) and (7), the Investment Strategy Statement must be published by 1 April 2017 and then kept under review and revised from time to time and at least every three years.
3. The Department for Communities and Local Government (DCLG) has also outlined new guidance on preparing and maintaining an Investment Strategy Statement. This statement will replace the Statement of Investment Principles (SIP).
4. In order to comply with the guidance, 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.

Investment Strategy Statement Guidance Requirements

5. 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 Investment Strategy Statement 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.

Investment Strategy Statement – LGPS Central

6. The Fund's Investment Strategy Statement, attached as Appendix 1 (to follow) to this report, has been designed in collaboration with the seven other funds within LGPS Central to ensure a consistent approach to investment beliefs and responsible investment beliefs is established to allow the pool operator, once operational from 1st April 2018, to implement a consistent approach across the pool's investments.

Specific Contact Points for this report

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Supporting Information

Appendix 1 - Investment Strategy Statement

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report: