

## Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	16 MARCH 2012	AGENDA ITEM NUMBER
TITLE:	REVISED STATEMENT OF INVESTMENT PRINCIPLES	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 – Statement of Investment Principles (SIP) Appendices 2 - 5 – Appendices 1-4 to the SIP: Manager Statements on their SRI Principles Appendix 6 – Appendix 5 to SIP: Compliance with Myners Principles		

### 1 THE ISSUE

- 1.1 This report asks the Committee to approve the Fund's revised Statement of Investment Principles (SIP). The SIP sets out the Fund's investment strategy and policies and states how the Fund complies with the Myners Principles for Effective Decision Making.
- 1.2 The SIP was last approved on 18 March 2011. The main developments since then are listed in section 5.1 of this report.

### 2 RECOMMENDATION

**That the Committee:**

- 2.1 Approves the revised Statement of Investment Principles**

### **3 FINANCIAL IMPLICATIONS**

**3.1** The annual budget provides for the training programme and the commissioning of advice required in order to comply with the Myners Principles.

### **4 BACKGROUND AND LEGAL FRAMEWORK**

**4.1** The requirement to produce a Statement of Investment Principles is set out in the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2009. These regulations provide that “the written statement must be revised by the administering authority in accordance with any material change in their policy ... and published”.

**4.2** As part of the SIP, administering authorities are required to state how they comply with the Myners Principles and explain where they do not comply.

### **5 REVISIONS TO THE SIP**

**5.1** The SIP was last revised in March 2011. Since then the main developments have been:

- (1) Implementation of the active currency hedging mandate
- (2) Implementation of changes to the hedge fund portfolio following review in March 2011
- (3) Amendment of the statement regarding realisation of investments (paragraph 22)

**5.2** The revised SIP can be found in Appendices 1-6 to this report.

**5.3** The SIP consists of the following:

- (1) The Statement
- (2) Appendices 1-4 which are the SRI statements from the Fund’s active investment mandates
- (3) Appendix 5, the Fund’s compliance with the Myners Principles (2009).

**5.4 The Committee is asked to approve the revised SIP.**

### **6 RISK MANAGEMENT**

**6.1** The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

### **7 EQUALITIES**

**7.1** An equalities impact assessment is not necessary.

## **8 CONSULTATION**

**8.1** N/a

## **9 ISSUES TO CONSIDER IN REACHING THE DECISION**

**9.1** N/a for information only.

## **10 ADVICE SOUGHT**

**10.1** The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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<b>Background papers</b>	CIPFA Guidance SIP/Myners Principles